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# World Economy **Needs More Time to** Grow, Baker Says

By Carl Gewirtz PARIS --- U.S. Treasury Secreary James A. Baker 3d pleaded Wednesday for critics to give gov-eroments the time needed to implenent their promises to set the world on a track for more balanced conomic growth

Mr. Baker was speaking after a major meeting of industrial countries here produced no new initiaives on the growth issue.

Following the two-day annual necting of government ministers of the Organization for Economic Co-operation and Development, Mr. Baker specifically referred to the agreement in Paris in February by six of the major industrialized countries to stabilize exchange rates and promote growth in West Germany and Japan.

He said the impact from the "full implementation" of this agreement struck by finance ministers at their meeting at the Louvre, and amplified in early April at a subsequent

**Barbie Quits** Court, Will **Boycott Trial** 

By Julian Nundy al Herald Tribin LYON --- Declaring himself "an Hegal hostage," Klaus Barbie said Wednesday he would boycott further proceedings in his trial for mines against humanity and then eft the courtroom to return to his

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The decision of the 73-year-old former SS captain, whose trial opened Monday, means that witesses will not confront him directly with testimony that he tortured hem during the Nazi occupation of Barbic, who was expelled from Bolivia to France in 1983 to stand trial said he considered the exputsion illegal because he had obtained Bolivian citizenship.

Under French law; a trial can proceed without the defendant. . . . . . The judge can order the accused to be brought to the courtroom by force, but it appeared unlikely in Barbie's case. His departure on the third day of

the trial brought an angry reaction from the prosecutor, and lawyers for civil plaintiffs.

meeting in Washington, is enough to "do the job."

At this week's meeting of the 24member OECD, faster growth in Japan and West Germany and rapid reduction of the U.S. budget deficit were again the key elements discussed for reducing the huge trade deficit of the United States, cutting the surpluses of these two other countries, and restoring sta-bility to foreign exchange rates. Mr. Baker said evidence that

these policies are working should become evident no later than September, taking into account that the U.S. fiscal year begins Oct. 1 and the time needed for Japan to first win approval of its fiscal budget before it can submit plans for a supplementary budget which will call for additional spending of 5 trillion yen (\$35 billion).

All together, the planned actions would lift world economic growth to about 2.5 to 3 percent, a respectable rate of growth, he said, for the fifth year of expansion — the sec-oud-longest since the end of World War II. "We ought not be down in the mouth" about such a growth rate, the Treasury secretary said. However, the promise that po-licy in the three major industrial-ized countries will lift growth from the 2.25 percent or less forecast by the OECD secretariat last month met with considerable skepticism

from the smaller countries in the organization of nations from North America, Western Europe and the Pacific. Mr. Baker cautioned that it was unrealistic to expect new commitments to emerge every time there is an international meeting, which currently occurs at about about

three-week intervals in the run-up to the June summit in Venice of the heads of state of the seven leading Bolkiah industrialized countries.

"We ought to be pleased with sustained growth without infla-tion" at this late stage of the economic cycle, he said. The U.S. merchandise trade deficit --- which last year hit \$170 bil-. lion, an imbalance that is firing protectionist sentiment in Con-entry in Huntering and experi-ent to decime by some \$15 billion

this year, Mr. Baker said. Mr. Baker said that Japanese of-ficials had spelled out to his sais-faction the time frame and the than a carat, which was sold at scope of the supplemental budget. Conference sources reported that the Japanese are promising the

measures will boost growth to a 4 interview on Wednesday, the percent annual rate through 1990, amount of cash deposited in a amount of cash deposited in a double what the OECD secretariat Swiss account for the contras, as had been forecasting. This was taken with some skepti-the Nicaraguan rebels are called, was of negligible concern to Bru-

Foreign Minister Shimon Peres of Israel, after failing to obtain the necessary backing to dissolve the coalition government.

# Peace Plan Stalls **As Peres Fails on Necessary Votes**

By Glenn Frankel Washington Post Service JERUSALEM — Israel's government was thrown into a deadlock on Wednesday after Foreign Minister Shimon Peres, lacking the votes to bring down the coalition if it did not support plans for an international peace conference, declined to submit the proposal to the. policy-making "inner cabinet."

It was a victory for Prime Minister Yitzhak Shamir, who opposes the conference, and a serious blow for Mr. Peres, who has been a strong supporter of the proposal as a means of paving the way for di-rect talks herween Israel and a Jordanian delegation that would included moderate Palestinians.

Mr. Peres, confident that he had enough votes to break up the 32month-old coaliuon government, had declared that he would call for new elections if the 10-man inner

cahinet refused to endorse the pro-posal. But Wednesday he discovered that he lacked the necessary votes in the Knesset, or parliament. Of the several small ultraorihodox religious parties holding the balance of power in the 120-member Knessel, Mr. Peres had failed to woo the four-seat Sephardi Torah Guardians to his side. That left him at least two votes short of the 61 he needed.

Mr. Peres then postponed his trip to the United States, to begin Thursday, and began meeting with cahinet ministers of his Labor bloc and other lawmakers in an effort 10 break loose the votes he needs.

Meanwhile, the government had been immobilized, with Mr. Peres and his more dovish Labor Alignment insisting that it should be dissolved and the international conference proposal submitted to the nation through parliamentary elections. Mr. Shamir and his rightist Likud bloc argued that the plan has been rejected by the govern-

ment and should be abandoned. The proposal also has touebed off a round of vitriolic rhetoric between Mr. Peres and Mr. Shamir. in contrast to the general civility that marked the first two and one half years of the coalition government.

On Tuesday, Mr. Shamir called the plan "a perverse and criminal attempt" that he blamed on Mr. Peres's "lust for power," adding that "every remnant and vestige of this plan must be swept off the

Mr. Shamir has said the proposal would result in returning all the occupied West Bank and East Jerusalem to Arab rule and, eventually, in the establishment of an indepen-

Mr. Peres, in turn, has said that Mr. Shamir and his supporters were resorting to "demagogy" and that "they want to restore the ha-tred, the incitement, the character assassibilition against me." Mr. Peres has vehemently denied he plans to talk to the PLO or to allow a Palestinian state,

Mr. Peres refused to put the proposal to a vote of the inner cabinet. evenly divided between Labor and Likud, hecause, he said, it was certain to split five to five on the issue. He said later that "I still have a full mandate to continue" pressing for the conference.

He said that one of the principles upon which Israel's "national unigovernment was formed was living in Geneva and was married the advancement of the peace proto a Swiss physician. On Tuesday, cess, adding that "if you cannot officials in Washington identified continue with the peace process, bonesty as well as responsibility The judge would not name the calls upon all of us to turn to the hank in which the husinessman had people and ask them to decide." Mr. Shamir's spokesman, Avi Pazner, said the prime minister did

# **Executive Returns Sultan's \$10 Million Contra Gift Funds Had Been Deposited**

In Brunei, Not Much Worry **Over the Wayward Donation** 

> "It's chicken feed for the au-thorities bere," he said. But, be added, the country was By Michael Richardson nal Herald Tribune

SINGAPORE - Nobody in the embarrassed by disclosure of the donation and of the way the money wealthy monarchy of Brunei seems to be worrying much about its way-ward \$10 million donation to the apparently was misdirected. U.S. stigators have concluded that cause of the Nicaraguan rebels, least of all Snitan Muda Hassanal the sultan's donation was deposited in the wrong account, apparently

by error. The 40-year-old sultan inhabits a palace that has 1.788 rooms and Officially, Brunei is maintaining silent about the \$10 million. At his that cost at least \$250 million to home in Bandar Seri Begawan, build just before his country was Deputy Foreign Minister Zakaria granted independence from Britain Mahawangsa said he had no comn 1984. He is often described as ment. Asked whether Brunei wantthe richest man in the world, aled the money refunded, he replied: "I don't know anything about that. - Nevertheless, among the sultan's Diplomats said the issue was sensitive in Brunei because the sul-

tan had personally approved the payment after it was solicited by Elliout Abrams, the assistant U.S. auction in New York last month for a record \$880,000. secretary of state for inter-American affairs.

Brunei has not publicly con As a banker said in a telephone firmed the donation or said why it was made, However, officials have let it be known that it was intended

the Nicaraguan rebels are called, for humanitarian purposes. The sultan was interested in cul-

Muda Hassanal Bolkiah

The cash deposited in a Swiss account for the contras is 'chicken feed for the authorities here."

— A Brunei banker

In 2d Geneva Bank Account By Thomas Netter a certificate of deposit. International Herald Tribuic GENEVA - A Geneva businessman who mistakenly received a

investigators. The man faces a rela-

the legal authorities here, officials Judge Vladimir Stemberger, the was unsure of the money's origins. magistrate investigating the case, said the businessman, who officials The officials said they took legal action rather than approaching the man because they feared he may

have heen trying to hide the money. "Obviously, as a businessman in the shipping business, be has fairly substantial turnover in his actransfer into his account at Credit count," said a Credit Suisse spokes-Suisse in Geneva by the sultan of

we feel he should have noticed that this \$10 million transfer was not his money.

\$10 million hank transfer earmarked for anti-government rebels in Nicaragua and then invested the money with another hank has vol-

tively minor charge of misappro-priating funds, the judge said, Credit Suisse officials said, how-ever, that they thought the busi-nessman could not argue that he untarily turned over the funds to

said has large shipping interests. had immediately renounced any claim, to the \$10 million and \$253,000 in interest when confronted with evidence of its mistaken

The shipping husiness is central to the man's assertion that he had

no illegal intentions. He said that Several other accounts involved because be was awaiting payment in the Iran-contra affair bave been traced to Credit Suisse in Geneva for the sale of a large vessel, he had put the \$10 million transfer into a

separate account while he checked Mr. Stemberger refused to identify its origins, Mr. Stemberger said. the businessman. U.S. investigators have said that Officials said he was a foreigne the man as a Swiss businessman. placed the \$10 million. But officials said he had deposited the money with a Geneva branch of Compag-

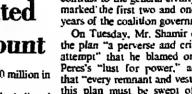
the man invested the \$10 million in

Mr. Stemberger said he believed

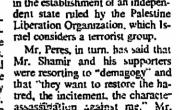
man, Juerg Neef. "But in any case,

hy U.S. and Swiss investigators.

the man had acted in "good faith" in quickly confirming the location of the funds and cooperating with



discussion table."



in the trial on behalf of Barbie's Jewish victims, said he represented six million "ghosts who are not lucky enough to be present at this debate."

Pierre Truche, the state prosecutor, called Barbie "Herr Nein, Mr. No. no to everything." Recalling his carlier statement that the name Barbie must be hard to carry, Mr. Truche added, "In French, Barbie is close to barbary."

The defendant, he said, was "a rampant Nazi, a shameful Nazi See BARBIE, Page 2

### Kiosk **Rebels in Sudan** Down a Plane NAIROBI (UPI) - Rebel forces in southern Sudan said

Wednesday they have shot down an army Hercules C-130 transport plane carrying two platoons of government troops to the strategie garrison town of Wau, but no reports on casualties were given.

In a radio broadcast monitored in Nairobi, the Sudanese People's Liberation Army said that an anti-aircraft gun was used to shoot down the plane on Monday as it came in to land at Wan, 600 miles (about 975 kilometers) southwest of Khartourn. There was no immediate government comment on the claim.

### **Special Report**

BIG BANG FALLOUT Six months after Big Bang London's financial institutions, and their customers, are grappling with new systems and changing markets. Pages 9-15.

### **GENERAL NEWS**

E Prime Minister Rajiv Ghandi takes over Punjah: 175 are arrested in crackdown. Page 2.

### SCIENCE

New research findings on the workings of prejudice. Page 7.

### BUSINESS/FINANCE

U.S. retail sales inched up a meager 0.1 percent in April, the government reported. Page 17. See OECD, Page 2



nci.

MANILA PROTEST - Juan Ponce Enrile, at a rally Wednesday, accused candidates who backed President Corazon C. Aquino of using fake ballots to win nearly all the Senate seats in the Philippine elections. Page 2.

tivating good relations with the United States, diplomats said, and may have seen the donation to the contras as a way of pleasing Washington.

Or, the diplomats continued, the sultan might have been influenced by the donations of another oil-rich Islamic nation, Saudi Arabia. which gave the contras an estimat-ed \$32 million in 1984 and 1985. Brunei's wealth is drawn almost entirely from oil and natural gas. The country is estimated to have foreign exchange reserves of about \$20 billion and a per capita income of more than \$15,000, the highest in Asia.

The 29th ruler in a hereditary dynasty stretching back five centu- it up," Mr. Reagan said. ries, the sultan has also been a generous benefactor to foreign charitable causes. In September 1984, for example, he presented a check for \$1 million to the United Nations Children's Fund to mark Brunei's acceptance as the 159th member of the United Nations.

Shortly afterward he stunned meals for elderly homebound people in the city.

In return, the mayor gave the sultan a hrass key to the city, saying with a smile: "It's not gold, but it seems that Brunei doesn't need gold."

Reagan Says He, Fahd **Discussed Contra Aid** 

said Wednesday.

Brunei in August.

deeply this week into whether Rea-The Associated Press gan administration officials had so-WASHINGTON - President Ronald Reagan said Wednesday licited Saudi aid to the contras during a congressional ban on direct or indirect U.S. aid. Mr. Reagan has that he discussed secret Saudi contributions to the Nicaraguan rebels insisted he was unaware of any in a private meeting with King such activity. Fahd in 1985, but he said the mon-

The president commented as Robert C. McFarlane, his former arch was the one who raised the "My diary shows I never brought national security adviser, testifying for the third day, told the joint House-Senate hearing on the Iran-"I expressed pleasure that he was doing that," Mr. Reagan said of

Fahd's contributions to the cause of the rebels, known as contras, which were made at a time when May lası year. U.S. assistance was banned. But, the president added, "There was no solicitation that I know of, or any-

subject.

thing of the kind." Mayor Edward I. Koch of New In commenting to reporters on York by presenting him with a the subject, Mr. Reagan took the check for \$500,000 to provide unusual step of discussing in public lethal dose of pills. what be had jotted down in private, handwritten diaries. He has al-

to examine but not copy typed excerpts from the diaries. Congressional hearings into the

Iran-conira affair have delved See McFARLANE, Page 2

nie Financière de Paribas, a French bank registered in Switzerland.

Paribas officials had no comment. Switzerland's hanking secre-cy laws forbid bank officials to divulge any information regarding

accounts. The \$10 million was transferred hy the sultan of Brunei, Muda Hassanal Bolkiah, to Credit Suisse in contra affair that he "had the means at hand" to make sure he the Nicaraguan rebels, known as August at the request of the Readuring his secret trip to Tehran in contras. But officials said the mon-

ey, which was destined for a secret account run by Lieutenant Colonel He declined to go into details, saying it would reflect "a little bit Oliver L. North, went to the wrong account because the first three digof false bravado" to do so. Sources its of the account number were acfamiliar with the trip have said precidentally transposed to 368 inviously that Mr. McFarlane carried stead of 386. with him what he believed to be a

Mr. Stemberger said that the money would remain under his ju-Under questioning from Reprerisdiction until they could deterlowed congressional investigators sentauve James A. Courter. Re- mine whether the money and interpublican of New Jersey, Mr. est should be returned to the sultan, pervised unions have taken a pas-McFarlane said be assumed there remain sequestered or be sent to sive mie. was a risk he would be taken pris- "whatever destination it should be."

See ISRAEL, Page 2

**State Union** Leads Strike In Croatia

The Associated Press

BELGRADE - Meat plant workers have walked off the job in Zagreb, the Politika newspaper said Wednesday, in the first known report of a strike organized by a union since Yugoslavia became Communist in 1945.

There are no legal provisions for work stoppages in Yugoslavia. While wildcat strikes for more pay or improved working conditions have increased recently, state-su-

Work stoppages bave increased since Feb. 26, when the govern-ment enacted legislation tying most wages to productivity and reducing some paychecks by up to 40 percent in an effort to master economic problems. Politika said the meat plant

strike, involving 1,200 workers of a production unit, began Tuesday, The employees say they are owed 73 days of back pay, the daily said. The report also said that 140 workers of a furniture plant in Senj. about 75 miles (120 kilometers) southwest of Zagreb, walked off the joh Tuesday to hack up pay demands.

Coal miners at Labin, 150 miles southwest of Zagreb, returned to work Monday, after reaching a compromise agreement over raises and changes by management. The strike, which began April 8, was one of the longest in recent history. According to official statistics, there have been more than 380 spontaneous strikes this year, involving 50,000 workers.

Pressing economic problems include an annual inflation rate of nearly 100 percent, a hard currency debt of about \$19 billion and living standards that have fallen by more than a third since 1980.

# Japanese Assaults Hallowed U.S. Sports Mark

By Clyde Haberman New York Times Service

TAKARAZUKA, Japan - On June 6 in Hiroshima - assuming rainouts, injuries or other imponderables do not interfere - a Japanese baseball player named Sachio Kinugasa will step onto the field and

That evening he will play in his 2,130th consecutive game, equaling what had seemed an unmatchable record set almost five decades ago by Lon Gehrig of On an unusually warm spring afternoon Mr. Kien the New York Yankees.

The last time Mr. Kinngasa missed an appearance was Oct. 18, 1970, when most Americans did not think much about Japan and trade talks were a topic for the

Gehrig's mark is about to fail, and the Japanese are games left." eagerly ticking off the days.

ing major festivities for the night the record is tied. But Iron Man Kinugasa, as he is called, has chosen to stay above the bullabaloo. The way be sees it, be is not chasing Lou Gehrig's record. It is chasing him.

"If we have a game, I want to play, that's all." he said. "I've forced myself for a long time to play despite slumps and injuries. The record itself is not the goal.

gasa sat in a hotel room, waiting for the team bus that would take him from this suburb of Osaka to a nearby stadium for Consecutive Game No. 2,097. a night contest against the Hanshin Tigers. He was talking

nuch about Japan and trade tails were a topie for the sports section, not the business pages. To have a Japanese about to break another hal-lowed American baseball record is a source of unbri-dled delight for sports fans here. Ten years ago, they cheered as Sadaharu Oh sur-passed Babe Ruth and then Hank Aaron on his way to a griterial organized to the rank of t passed have not a the state of the set total of 868 home runs. Now Low early to be watching it because there were too many

agerly ticking off the days. In Hiroshima, where Kinugasa has played for 23 At the age of 40, the Japanese Lou Gehrig is as lean and solidly built as a rookie. And he is a man given to seasons with the adored local team, the Carp, street- easy smiles and easy conversation, something that cars carry his picture and club executives are prepar- cannot be said about many Japanese ball players.

When he joined the Carp in 1965, Kinugasa was considered a showboat, a flashy hig spender who, former teammates recall, took his bonus money and bought a Cadillac. Actually, it was a Ford Galaxy. Kinugasa protested, but the point, he agreed, is well taken. He was a hard-drinking hell-raiser.

That was then. For many years since, as his record attests, he has been a rock of consistency and, as such, the sarariman's hero.

A sarariman - the Japanese word is taken straight from English, salaryman — is Japan's Average Joe. He is the guy who puts on a blue sint every morning, rides the train to work for an hour and a half, puts in 10 or 12 bours, drinks late into the night with colleagues, then heads home for a few hours of sleep so that he can start all over again the next day.

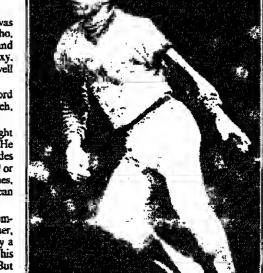
Like the sarariman, Mr. Kinugasa is there, as promised, every day. He shrugs off hruises and bad weather, rocky seasons and tough pitchers. A serious injury a year ago, caused when a wayward pitch smashed his left shoulder hlade, almost threatened his record. But the Carp third baseman was hack to pinch-hit the next night, and has been slogging away ever since. That sort of doggedness is much admired in Japan.

See BASEBALL, Page 2

Sachio Kinugasa on the playing field.

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INTERNATIONAL HERALD TRIBUNE, THURSDAY, MAY 14, 1987

# **Enrile Charges Fraud** As Aquino Candidates Near Sweep of Senate

the former defense secretary who is districts, while the opposition led in the chief rival of President Corazon 23 and independents in 13. Nn oth-C. Aquino, on Wednesday accused er results were available. candidates supported by the ad- Mr. Enrile, who was fired by ministration of using false ballots Mrs. Aquino in November after to win nearly all the Senate seats in some of his aides were implicated

day. "Democracy was destroyed by people who made use of fake bal-lots," Mr. Enrile said at a protest Component of it," he said. IReuters, quoting the governmission on Elections.

Grand Alliance for Democracy carried coffins and signs reading chanted "Down with Aquino" and We were cheated."

Police said a home-made bomh was found at the election commis- action," but that the army was presion headquarters a few hours after pared to contain any threat.] the fally. It was defused by bomb disposal experts.

charges and said that the voting for the Senate and House of Representatives was in general honest and orderly.

Mr. Benigno said Mrs. Aquino's "commitment to honest elections is an article of faith. She can no more cheat in the polls than Queen Elizabeth can steal money from her chambermaid."

Pro-Aquino candidates remained likely to win 23 of the 24 Senate seats as the percentage of ballots tabulated by the "quick count" of the National Citizens Movement for Free Electinos reached 18.08 percent.

The official count, which was to begin Wednesday morning, was postponed because oo ballots had reached the central tabulation office. Officials said they now expected the formal count to take 20 days.

Topping the unofficial count, with 2,736,983 votes, was Jovito Salonga, head of the presidential panel seeking to recover the wealth allegedly stolen by former President Ferdinand E. Marcos. Mr. Salonga was followed closely by the broadcasting star Orly Mercado and by Mrs. Aquino's brother-inlaw. Agapito Aquino. The senator who receives the

most votes usually becomes the chamber president, a post that, traditionally, has been a springboard to the presidency. Joseph Estrada, a former movie

actor running 15th in the balloting, was the only member of Mr. Enrile's party who appeared to have won a Senate seat. Mr. Enrile was running 26th, with 1,541.364 votes.

### Reagan Names Sandi Envoy Renters

WASHINGTON - President Ronald Reagan will nominate a career diplomat, Hume Horan, 52, to be ambassador to Saudi Arahia, the White House said Wednesday.

Aquino candidates led in 59 of MANILA -- Juan Ponce Enrile, the 200 House of Representatives

the congressional election on Mon-day. in an aborted coup plot, earlier threatened a boycott of the Senate-

ment television, reported that the Supporters of Mr. Eorile's secretary of defense, Rafael M. lleto, said that soldiers had been put on full alert because of plans by "Victory of gold, guns and goons rightist groups to destabilize the - death of democracy," Some government. No details were given. The state-run Philippine News Agency said Mr. Ileto did not think Mr. Enrile would "resort to drastic

bishops.

infractions.

ligious beliefs.

law.

New York Times Service ROME - Roman Catholic bishops in Italy have entered a political debate by issuing a pastoral letter that is widely regarded as an elec-tion endorsement of the Christian Democrats.

The letter, issued over the weekend, has produced a stream of hostile reactions from other parties, which have accused the church of meddling. A Christian Democratic leader responded by saying his ri-vals were bigots for criticizing the



CLASHES IN SEOUL - About 3,000 students battled riot police on Wednesday with stones and gasoline bombs to protest the arrest of 36 hunger strikers during a dawn raid on Seonl's Yonsei University. The protesters chanted anti-government slogans and repeatedly clashed with police, who fired dozens of tear gas rounds to drive them back.

# 

By Roberto Suro

troversy over the church's role in Italian politics as well as the ten-sions building over the parliamen-tary elections on June 14. Also, the bishops touched on a potentially volatile political issue hy calling an the faithful to defend traditional

moral values when they vote. Although the bishops' letter does not specifically mention the Christian Democrats, it includes phrases and ideas that hark back to a period in the 1940s and 1950s when the church provided the Christian

Caught up in the fray, the bish-

Some Italian newspapers carried faith and with the vision of man front page headlines such as "The Bishops: Vose Christian Democrat-Although this is a position that ic." The letter came after a decision by the leader of the largest Catholic lay group in the country. Comun-

election as a Christian Democrat. Several political columnists have depicted the party as aligning itself with the church at a time when it is quarreling with the Socialists and other former allies.

Acknowledging that not all Catholics need come to "identical political choices," the bishops insisted, however, that "oot all choices are compatible with the

land. Although this is a position that Pope John Paul II has stated in his powers to New Delhi's appointed travels abroad, it has a particular Punjab governor, Siddhartha Shan-

kar Ray, and the state police chief, resonance in Italy. The letter emphasized church Julia Ribeiro, India's senior career prohibitions on divorce and abor- police official Mr. Ribeiro, a Roman Catholic on as essential elements in making political choices. Virtually all from Goa with a reputation for the major political parties, except integrity and stringent law enforce-the Christian Democrats, sided ment, said the situation was extremely grim and instant results against the church when it unsuccould not be achieved. He said that cessfully backed referendums to re-

New Delhi

In Punjab;

175 Arrested

NEW DELHI - Prime Minister

Rajiv Gandhi's contral government

moved with force into Punjab on

Wednesday, arresting 175 people in

Political sources in the state cap-ital, Chandigarh, said Mr. Gandhi'

was expected to open talks with

leaders allied to Sikh militants in

an attempt to reach a political set-

tlement in what appears to be a carrot-and-stick policy.

Mr. Gandhi's government im-posed direct rule from New Delhi

state's moderate chief minister,

Surjit Singh Barnala, saying he had failed to stem the tide of violence in

Militant Sikhs, who see no future

in September 1985.

the state.

peal existing laws on divorce in emass killing by extremists at this 1974 and abortion in 1981. are of the president's rule in Pun-The bishops also extelled "faithfulness to the traditional unity of Political sources said that Mr. commitment by Itzlian Catholics,"

Gandhi's major problem was iden-tifying a group with a mass base with which to hold negotiations on language echoing statements made when the church supported the Christian Democrats as the only a political settlement. defense against the Communist At the same time, the govern-Party during the first few elections after World War II. ment is cracking down on Sikh ez-

The Socialist newspaper Avanti responded to the letter by labeling it an "anachronism" and arguing that "Christian values cannot be Prem Singh Chandumaira, coop eration minister in the Barnala cabthe exclusive patrimony on one poinet and a vocal critic of Mr. Ri-

litical party." Other criticism came beiro, was among those arrested Wednesday, His arrest was immefrom the centrist Republican and Liberal parties, the Communists diately condemned by Mr. Barnala and the rightist Social Movement. and his colleagues.

The Socialists tempered their The government reached an criticism after a spokesman for the agreement to solve long-standing Italian Episcopal Conference said Sikh grievances with Mr. Barnala's criticism after a spokesman for the that the letter was intended to help Akali Dal party last year and there the country as a whole by highlightwas considerable optimism that it. ing fundamental values and was would lead to peace in Panjab but not meant as an inderequent of the articlet apposed by millions one party. But the bishops dis was never implemented.

ing themselves on the important 1984. More than 1,000 people were things of life."

A lawyer representing another civil plaintiff told Barbie: "I say to

you without any hatred that you

disappoint me. You are a coward."

court reopened Wednesday, Barbie

of lynching" in the French news

past."

media

# WORLD BRIEFS

# **Cracks Down** UN Experts Say Iraq Used Poison Gas UNITED NATIONS, New York (UPI) - A UN team of experts said

UNITED NATIONS, New York (UPI) — A UN team of experts said Wednesday that Iraq has made "repeated use" of poison gas against Iranian troops and civilians in the Gulf war but the panel could not confirm assertions that Iran is also using chemical weapons. "There has been repeated use of chemical weapons against Iranian forces by Iraqi forces, employing aerial bombs and very probably rockets," the experts reported. "The chemical agents used are mustard gas (yperite) and probably, on some occasions, nerve agents. A new dimension is that civilians in Iran have also been injured by chemical weapons."

The four experts, sent by Secretary-General Javier Perez de Cuellar on 'a swift crackdown less than 48 their third investigative mission in just over three years, visited both Iran hours after taking over control of and Iraq. Iraq has contended that Iranian forces have recently used poison gas. Iran has denied the allegation and said that Iraci forces -either by mistake or intentionally - have used poison gas against their own troops and civilians.

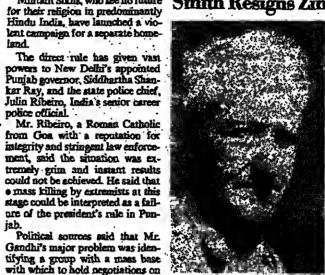
### Arbiter to Review Taba Land Dispute

GENEVA (Reuters) - Egypt and Israel set out their arguments over the disputed Taba strip on the Gulf of Aqaba on Wednesday in docu-ments submitted to an arbitration panel that was established last year to on Monday and dismissed the

Both sides agreed in September to submit the dispute to hinding international arbitration to determine sovereignty over the 760-meter (828 yard) beach, which is held by Israel and claimed by Egypt.

failed to stem the tide of violence in . The presentation of documents at a villa outside Geneva was the first in which more than 1,000 people have a series of steps before actual arbitration begins later this year or early in been killed since he came to power 1988, officials said.

Smith Resigns Zimbabwe Party Posts



Ian Smith

for resigning was the government's "vindictive" action following remarks he had made in South Africa opposing sanctions against that country.

As a result of those statements Mr. Smith was suspended from the legislature for a year after the government pushed through e motion saying the remarks amounted to contempt of the legislature.

HARARE, Zimbabwe (UPI) -

Former Prime Minister Ian Smith

resigned the leadership of the Con-

servative Alliance party and its 14-

Wednesday. He said the caucus had elected Mark Partridge, the

party's deputy president, as its new

Mr. Smith, 68, said he would

continue to be a member of the party but that his active political

career, after 39 years, was "drawing

to a close." He said his main reason

member legislative caucus on r

# tremists and sympathizers. Mr. Ri-beiro said a list of people to be arrested had been circulated. ISUP New York (IPD - A barre loaded with roting suchase th

ISLIP, New York (UPI) - A barge loaded with rotting garbage that has been turned away from ports in five states and three countries is welcome to return to New York for burial but the barge operator, Lowell Harrelson, has refused the offer.

He said taking the trash to Islip would require costly overland transport from a port in New York City to the dump. The barge, dubbed the "Flying Trashman," left New York on March 22 in search of a dumping ground for 3.186 tons of refuse. On Tuesday it was reported off the coast of Georgia and moving north,

. Frank Jones, the Islip town supervisor, said the Long Island communi-ty can accommodate another three years of garbage in its landfill and is accepting commercial clients.

### For the Record

Consistion Democrats' president, few agree that police action would Arnaldo Forlani, criticized "resur-gent anti-clericalism." He said there were bigots who would pre-the Golden Temple in Amritsar, went "the biabops from pronounc-ing themselves on the important binse of life" tried to defuse the bomb. They were the first Syrian troop casualties since Damascus sent soldiers into the city in February. (Reuters) Karl Linnas has appealed for particulation to the Soviet authorities who

sentenced him to death 25 years ago in absentia, Tass said Wednesday, Linnas, 67, was deported from the United States last month and is imprisoned in Tallinn, the Estonian capital. He was convicted in 1962 of BARBIE: Accused Abandons Court taking part in mass murders while serving as a Nazi death camp (Reuters) (Reuters) lant in the Estonian city of Tarta.

United Press Internation national human rights standards LONDON - Annesty loterto which Iran is committed by ostional called nn Iran nn Wednesday to abandoo "cruel, The imprisonment of prisoninhuman" treatment of prison-

ers of conscience, the use of torers, including executions, flogture, the death penalty and the gings and amputations for sexu-al, alcohol-related and criminal amputation of fingers constitute forms of torture or cruel, inhuman or degrading punishment, Amnesty International said. The human rights organiza-

The organization asked that provisions in Iran for stoning to trarity imprisoned, tortured and executed for their political or redeath, crucifizion, amputations and floggings be replaced with more humane punishments,

Iran Assailed on Prisoner Treatment

A spokesman at the Iranian "At least six men and two Embassy here denied that politiwomen were stoned in death in cal prisoners were tortured or 1986 and the authorities were using a specially devised electric ment for sexual, alcohol-related llotine for cutting off prisongu or criminal offenses, saying they were prescribed under Moslem

ers' fingers," the group said. About 1,100 people also were flogged in the last year for sexual or alcohol-related offenses, it

was appealing to the Iranian gov-53 m 6 400 senten rument to conform with inter-More th

physical punishment were passed in Tehran alone in the 12 months up to March 1987, the group reported.

■ 200 Reportedly Killed

The Baghdad-based Mujahidin Khalq, an Iranian opposition group, said Wednesday that its lighters killed more than 200 Iranian Revolutionary Guards in the west Iranian province of Sardasht on Monday, Renters re-

ported from Beghdad. The group said its men had captured seven military bases and destroyed two others.

Egypt Expels Diplomats Egypt ordered two Iranian diplomats to leave the country and closed their office in Cairo after an extremist Moslem group funded by Tehran was uncovcred, Renters reported from Cai-

ops have twice issued statements trying to clarify their position. The polemics reflect a long conione e Liberazione, to stand for

# McFARLANE: Reagan, Fahd Discussed Contra Aid

tion also said that thousands of

people in Iran have been arbi-

executed. He defended punish-

Amnesty International said it

(Continued from Page I) oner and tortured when he made the journey to discuss a possible arms-for hostages deal, particularly because he knew many of the U.S. government's most sensitive se-

"I am confident that I had the means at hand to foreclose my being exploited for intelligence," he

Mr. Courter replied, "I think I understand," and did not directly ask Mr. McFarlane about the reellig to treg

But as he left the hearing room during a lunch break, Mr. Courter said that Mr. McFarlane "was prepared to kill himself " He said he had not asked a direct

question because he considered it too personal.

In February, Mr. McFarlane was admitted to a hospital after taking the subject. But congressional in-an overdose of tranquilizers in vestigators have said that Saudi what the police described as a sui- Arabia gave \$32.5 million to the cide attempt. It was believed in be contras in 1984 and 1985. linked to the strains of the Irancontra affair.

have discussed the Saudi contribu- authorize the sale of arms in Iran.

to imply that the president had the Iscaeli Foreign Ministry, who aised the issue. At the White House, Mr. Reagan ing talks with Iran in mid-1985, raised the issue. said: "My diary shows that I never and two weeks later told him the brought it up. It shows that the Iranians were insisting that U.S.king, before be left, told me that he made missiles be part of any arwas doing that and that he was rangement. When Mr. Reagan rejected the

going to increase the aid." anything of the kind."

I did know," he said, noting that he was "informed that he was helping but I never brought is up." The subject was never broached

until he was leaving" and the Saudi king "told me what he was doing," Mr. Rengan said, adding that "1 expressed pleasure that he was doing that

Saudi officials have denied giving aid to the contras, or that the president and the king discussed

The fresh disclosures occurred as Mr. McFarlane testified that an Is- diaries, have raised fresh questions Mr. McFarlane had suggested nn raeli official, David Kimche, prod- about Mr. Reagan's involvement in Monday that Mr. Reagan might ded U.S. officials persistently to the entire affair. tinns in his meeting with Fahd. On Mr. McFarlane said it was Mr. mony so far is to make it clear the Tuesday, he said he had not meant Kimche, then a senior official in president was more deeply in-Maine.

Mr. Reagan added, "There was idea of selling U.S.-made weapons no solicitation that I know of, or directly, Mr. Kimche returned with a proposal that Israel sell American capons to Tehran and be permitted to purchase replacements from U.S. stocks. Mr. McFarlane said Mr. Reagan approved that arrangement, and the first shipment of missiles was made shortly afterward.

> Mr. Kimche is a very careful man," Mr. McFarlane said, adding he believes that whatever proposals be made to the Reagan administration were on the instructions of the Israeli government Mr. McFarlane's testimony

about Mr. Reagan's meeting with Fahd, coupled with the disclosure Robert McFarlane laughs during hearing Wednesday. about the president's handwritten

volved in these events, more aware of them as they occurred than was previously believed," said Senator "I think the effect of all the testi-George J. Mitchell, a Democrat of

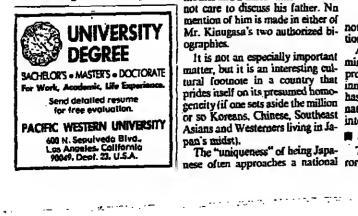
### BASEBALL: Japan's Kinugasa Closes In on Lou Gehrig's Game Record

### (Continued from Page 1)

Mr. Kinugasa says he especially enjoys letters that schoolchildren

send praising his "fighting spirit." He is the first to admit his overall statistics are less impressive than Lou Gehrig's. He started the year with a career batting average of .271. The 1986 season was dismal. He slumped to 205 and seemed to be hanging in only to break the consecutive-game record.

But he also won the Golden Glove at third base, suggesting be had not slowed down beyond redemption, and he has proved that this year by rebounding to hover among the top bitters in Japan's Central League. As of May 9, he



games not "pure Japanese."

With a hard swing and a taste for high, outside pitches, Mr. Kinugasa has always been a slugger. Io Japan, he is fifth in career home runs. and needs only nine more to reach 500. He does not have to bother checking, though, ut see if anyone is ahead of him in strikeouts. He is grant. tops, with 1,526 at the season's

start. "It's probably the only other record I'll ever have." he said with a laugh.

ographics.

was hatting .309, with four hume absession, and so it is striking how A former Carp teanmate, Tatsun runs and 16 runs batted in after 22 many legendary baseball stars are Okitsu, told a sports daily in 1984 about a moment many years earlier

Mr. Kinugasa is half-black Isao when be found Kinugasa studying Harinoto, a one-time great out-fielder, was Korean. So was Massi-"I asked the reason," Mr. Okitsu chi Kaneda, the Walter Johnson of recalled, "and he said he wanted to Japan with 400 career victories. go to America in look for his father Even the incomparable Sadahara because he'd never met him. I ad-Oh was the son of a Chinese immi- vised that he would do better working extra hard on his swing instead As a boy in Kyoto, Mr. Kinugasa of his English. 'If you become the unfettered by his chent's attempts

was taunted by his schoolmates. No. 1 player in Japan, he'll come to Years later, his background appar- see you,' I told him. He nodded, ently still weighed heavily on him. with tears in his eyes."

test to his parentage - a Japanese mother and a black father. He does

not care to discuss his father. Nn (Continued from Page 1) mention of him is made in either of not intend to resigning or call elec-Mr. Kinugasa's two authorized bi-

A statement issued by Mr. Sha-It is not an especially important matter, but it is an interesting cultural lootnote in a country that prides uself on its presumed homohas no mandate to act in the intergeneity (if one sets aside the million or so Koreans, Chinese, Southeast international peace conference." Asians and Westerners living in Ja-**3** Palestinians Sentenced

pan's midst). The "uniqueness" of heing Japa-nese often approaches a national rorists were each sentenced Tues-

day to 40 years in prison by a military court in the Israeli-occupied Gaza Ship, Agence-France Presse reported from Tel Aviv.

Jillal Mahmud Rabo, Bassam Ali Azzyiam and Kamal Ali Azzyiam pleaded guilty to charges of planting bombs at Beersheba, Tel Aviv, Gaza and in front of the prison at Palestinians are serving sentences. shopping at the Gaza market.

If Barbie had remained in the (Continued from Page I) court he would have heard the triwho does not dare go back over his

al's first two witnesses, who are now scheduled to begin testifying against Barbie on Thursday.

One is Gustavo Sánchez Salazar, a former Bolivian interior ministe In his statement, which he deliv. who organized Barbie's expulsion cred in German two hours after while serving as undersecretary in court reopened Wednesday, Barbie the ministry. Mr. Sánchez was sum-described "a climate of revenge and moued to testify on the legality of the moves to expel Barbie from Bolivia and to describe Barbie's life there.

One lawyer alleged later that the defense attorney, Jacques Verges. The other is Ethard Dabringh-had given Barbie the statement to aus, oow a University of Detroit read. The defendant read from a professor, who recruited Barbie for the U.S. Counter Intelligence prepared text Mr. Verges, who has a history of Corps in the American zone of

defending unpopular causes, de-Germany after the war. nied the claim and said, "I am bon-It was with U.S. help that Barbie, ored to defend this solitary man." ored to defend this solitary man." who was being sought by the The presiding judge, André Cer-French authorities, left Europe in dini, suspended the trial hriefly 1951 for Bolivia.

while Barbie was handcuffed by Judge Cerdini asked Barbie at one of his police guards and taken the opening of Wednesday's ses-to a cell in the Lyon courthouse. sion to explain his attirude toward gypsies. Jews and Slavs, all of whom were considered "interior" It was the second trial this year which a prisoner defended by

ders of a U.S. and an Israel diplo- and I do not know haired."

that his infant son was held hostage by his American superiors to force

### AIDS to Be Topic at Venice Verges had a clear field to introduce whatever arguments he chose

### New York Times Service

PARIS -- Plans to coordinate the search for a cure for AIDS will be among the issues discussed at the seven-nation economic conference next month in Venice, top officials at a meeting of the Organization for Economic Cooperation and Development said here.

"We will try to discuss the problem because public opinion is very worried," said Giulio Andreotti, foreign minister in Italy's caretaker povernment, which will be the host to the Venice conference June 8-

A Reagan administration official said of AIDS, "I see it becomin as important as terrorism and drogs have been at other summits." Many of the finance and foreign ministers who will be in Venice are in Paris for the meeting of the OECD, which is made up of the world's 24 main industrial countries.

Official deliberations are held to economic issues, but other topics have emerged. In comments outside their meeting room, officials said that AIDS, or acquired immune deficiency syndrome, would be widely discussed in Venice.

A member of the U.S. delegation in Paris, which is led by Treasury Secretary James A. Baker 3d, said the spread of AIDS, especially in some African countries, was becoming a matter of political and economic policy, not solely one of health.

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### TRAVEL UPDATE

Air Inter, Frauce's domestic airline, plans to offer preferential treat-ment on scating starting in April to business travelers who pay full fares. (IHT)

France will create a debute first class service on some of its high-speed trains, the TGVs, and on some express trains next year. It will include dining service in compariments, video and telephones. (IHT) Workers at Iberia and Avisco airlines in Spain reached agreement Wednesday on a raise and called off five 24-hour strikes scheduled to start next week, union and company officials said. (UPI)

# OECD: Baker Asks Time for Growth

### (Continued from Page 1) cism by others, especially countries

deficit with Japan rose 12 percent

in the first quarter over the year-

The EC commissioner for exter-

oal relations, Willy de Clercq, said

that "Japan has made enough

promises. There now has to be ac-

Clark, also joined the attack, saying

Japan was "notorious" for its non-

tariff barriers against imports. Japanese delegates reacted

stroogly to his comments and

asked privately that he withdraw

the word "notorious" from the re-

In Tokyo, meantime, the Fi-nance Ministry announced that Ja-

pan's trade surplus with the United States had reached a record \$5.15

cord, but Mr. Clark refused.

Britain's trade minister, Alan

tion and concrete results."

and period.

billion in April, although the overall surplus shrank somewhat in the month in Western Europe, whose trade

At the OECD meeting, the Japanese stated that their objective, in addition to stronger growth, is a rapid increase in imports and a further improvement in access to f Japan's markets of foreign goods and services. They accepted in the final communique wording that was contested in early drafts.

The West Germans, however, were less forthcoming. The secretariat's proposal that growth of domestic demand, and particularly private investment, must be "sustained," or even "strengthened," and exceed substantially the growth of potential output were both dropped in the final version.

The only concession they made to doubts that the government's targets will be met was a watered down statement that "should there be a serious risk to the sustained expansion of domestic demand, especially private investment, the medium-term strategy for growth and higher employment would be adsusted as a consequence."

Martin Bangomann, West Germany's economics minister who chaired the meeting, said at a press conference that a shortfall in a singie three-month period would not signal a need for change. The country experienced a decline in growth in the first quarter.

But Mr. Bangemann said that there would be an improvement in this quarter and continuing in the second-half.

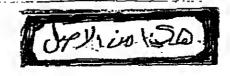
He said his aim was to achieve a 2 percent rate of growth this year. However, last month's OECD forecast put the figure at 1.5 percent.

Mr. Baker said that he was encouraged by the Japanese and West Germao commitments to spur growth, but urged the Germans "to do as much as they can as soon as they can" as "we feel they have more room." -----

### to justify his wartime role. But oth. ers said that Barbie's absence tation.

Mr. Kinugasa's dark features at-ISRAEL: Peres Fails on Peace Plan

mir's office said that, because the proposal was not accepted by the inner cabinet, "the foreign minister national arena on the subject of an



would weaken the lawyer's presen-The next three days of the trial had been set aside for presentation of evidence and questioning of Bar-

Mr. Verges has maintained since he agreed to handle Barbie's defense in 1983 that he would turn the trial into a traumatic review of French collaboration during World War II

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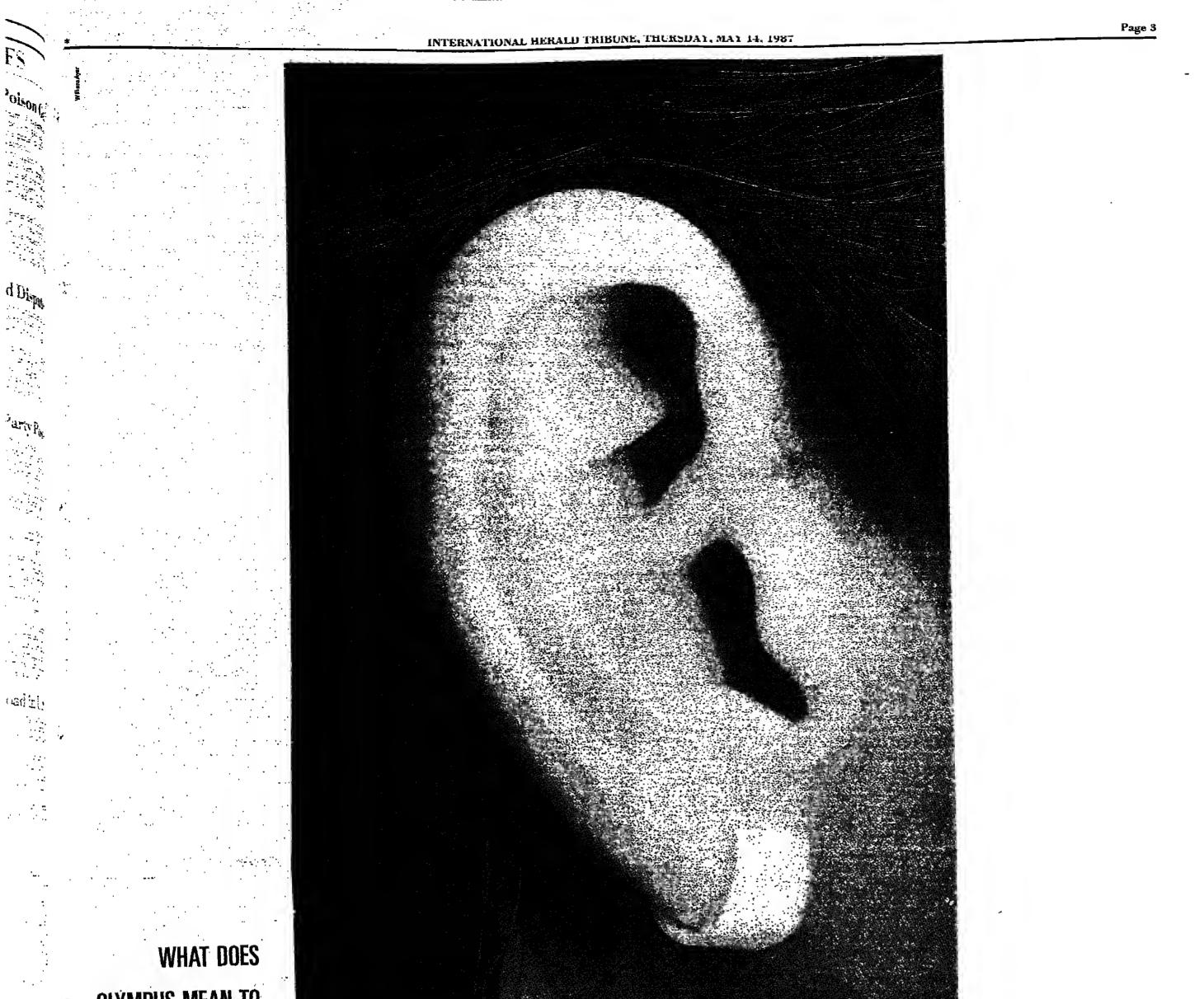
Barbie faces a maximum sentence of life imprisonment on charges that involve the deports-Ashkalon, where several hundred tion of many Jews from the Lyon area. He is also accused of deport-They also were convicted of the ing non-Jewish resistants whom be attempted murder of three Israelis is alleged to have tornared personalty.

Mr. Verges has refused to attend by Adolf Hitler and singled out for his trial externination. In February, Georges Ibrahim Abdallah, an alleged Lebanese guerrilla leader, made a statement said. "I worked under my smerisaid. "I worked under my supericondemning his trial and left on its OTS." opening day. Mr. Abdallah later received a life He added: "I harbor no hatred sentence for complicity in the mur-

Later, in questioning about his recruitment hy the CIC, he alleged mat and in the attempted murder of the American consul in Stras-

him to cooperate after the war.

bourg. Lawyers said that the presentation of evidence would continue without Barbie, although it was unclear how the defense would pro-Some observers said that Mr.



OLYMPUS MEAN TO THE AB NEG.? ►

> The AB neg. patient can rest assured, in the certain knowledge that the blood he urgently needs is not only the right type but carries no risk and can be quickly and reliably provided. The blood analysis equipment developed by Olympus sets whole new standards in terms of precision, speed and compactness. And we are progressing in another vital direction: We have now developed an AIDS test which offers an exact and reliable answer within 45 minutes.

These developments reflect not only our applied skills and knowledge, but the forward-thinking attitudes and outlook of our staff, who believe that people are just as important as machines.



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**THURSDAY, MAY 14, 1987** 



# **Gulf: Parallel Courses**

Union are working in tandem, or at least in parallel, in a Third World hot spot. This rare spectacle is unfolding in the Gulf, where free navigation, where Iraq is the worse both countries have offered to protect the offender. But it leaves them free to support spectacle is unfolding in the Gulf, where shipping of Kuwait, an ally of Iraq, against Iranian attack. The effort does not replace gion," in President Reagan's words. the two powers' long-term rivalry in a strate-gic region. On the contrary, the various pro-posals to escort and defend tankers and other cargo vessels are a form of that competition. But it is a form that holds some promise to move the seemingly interminable war in the Gulf toward an end.

Page 4

The Soviet and American approaches arise from a peculiar fact of the war, Iran and Iraq, unable to effect a decision in battle on land, have increasingly sought to choke each other off at sea. But sea lanes are in international waters where other countries can assert an interest in free navigation and where this superpower involvement can be undertaken more easily than in a land war --- though not without risk.

Iraq, aware that the Gulf is Iran's only outlet (Irsq can export oil by pipeline), has shot up more Iranian shipping than Iran has shot up ships headed to or from Iraq and Iraq's Gulf allies. That makes it hard

Suddenly the United States and the Soviet for the United States and other countries that oppose an Iranian victory in the war to base policy exclusively on a regard for "the self-defense of our friends in the re-

reach for a larger diplomatic role in the Arab-Israeli dispute. On both matters, Washington is properly wary of secing Mos-cow penetrate traditional Western preserves.

Io respect to the Gulf, however, Americans note that in making their move, the Soviets are serving Western interests -- free navigation, assuring the flow of oil to the West. Further, Moscow is acting on the American premise that it is vital to check Iran's invasion of Iraq. Like the Americans, the Soviets value Iran strategically but are put off by the Khomeini regime politically and ideologically. To hear the Tehran regime decrying Soviets and Americans as similarly unwetcome interlopers in the Gulf is to become aware of the limited but important interest the superpowers share here.

- THE WASHINGTON POST.

# What Sort of Tax Rise?

The budget resolutions of both the U.S. House and Senate call for an \$18 billioo tax increase next year. If that is what the tax committees are instructed to produce, how should they do is? The best way would be through the income tax. A first step, as House Speaker Jun Wright has suggested, would be to defer next year's scheduled final cut in the top rate to 28 percent from 33 percent. The top rate already was low-ered from 70 percent when President Reagan took office. Yet the income tax is still the most progressive tax the government has, and it is so large that \$18 billion could be raised with only minor adjustment.

The problem, of course, is that the president is proved of the rate cuts, which were part of last year's bargain on tax reform. He says he will veto any rate increase, and there is little disposition in Congress to dispute him. The fairest, most efficient kind of tax three; but it is a brave politician who will increase has pretty well been ruled out; the committees are reduced to second-bests.

By default, they are thus foraging among the excise taxes. The virtue is that it is in society's interest to discourage consumption of the three leading items on which excise taxes are levied - gasoline, alcohol and tobacco. The defect is that excise taxes are regressive and there is oot much revenue to be had. The total now collected from all excise taxes is about \$33 billion a year.

The gasoline tax, which at 9 cents a gallon raises \$9 billion a year, is the largest. A further dime a gallon would produce about half the revenue that the budget resolution is likely to require in the first year (it

may need more thereafter). The House Ways and Means Committee chairman, Dan Rostenkowski, prefers this alternative - prices still would be lower than several years ago -- but Westerners, whose constituents often must drive long distances, are opposed. A broader energy tax, on all oil, for example, would spread the burden more evenly. A third variation is an oil import fee. This is popular in oil-producing states because it would give domestic producers shelter to raise their prices, but it is resisted in the import-dependent East. Our sense is that the gasoline tax is the cleanest of these.

The alcohol taxes now produce about \$6 llion a year. Most of that comes from hard liquor, whose alcohol content is taxed much more heavily than the alcohol in beer or wine. One alternative would be to equal-ize the alcohol-adjusted taxes among the propose to raise the beer tax. One argument for raising these taxes is to put a penalty on drinking, with its attendant costs. The same is true for cigarettes, on which the tax of 16 cents a pack produces \$4.5 billion a year. Estimators think that, while deterring young smokers particularly, a doubling of the tax would yield \$3 billion annually.

Administration officials have occasionally coyly indicated that, if there has to be a tax increase, an increase in excise taxes and the "sin" taxes would be preferable. In this administration, a tax on consumption beats a tax on income every time. But that may be all the political system can now produce. - THE WASHINGTON POST.

# Judging Meese, Again

attorney general under investigation by a special prosecutor. The case of the Wedtech cation in his association with investors in the

It is no longer remarkable to find the U.S. or give him a believable clean bill of health. That is why Mr. Meese, confident of vindi-



N EW YORK -- The sudden departure of Gary Hart from the campaign has, strangely enough, probably not altered the Democratic nomination or the presidential outcome. Before his exit, Mr. Hart was clearly his party's front-runner, inst at War Bendler Campa Data has he d just as Vice President George Bush has had a handy lead in the Republican sweepstakes. In both cases, the polls have placed them around the 50 percent mark and found their competitors strug-

percent mark and found their competitors strug-gling to get into the double digits. Only Senator Bob Dole in the Republican Party has seemed to be close enough to being a serious contender. Yet the margin of their standing was more apparent than real. In political terms, their support has been "soft" — broader than it was deep. Indeed, the perceived vulnerability of both Mr. Bush and Mr. Hart had induced a bevy of other candidates on both sides into the field. The races, especially in the Democratic Party, were wide open

even before Mr. Hart dropped out. Why is this? Usually such large margins by front-runners would discourage new entrants. The reason, I think, is a general misconception about modern American politics, Informed opinion still thinks in terms of party, as if the Democratic and Republican parties possessed a general, if some-what vague, coherence; as if people still held to inherited or acquired allegiances; as if the parties, even as they jostle for uncommitted voters, embodied significant differences. Actually the words "Democratic" and "Repub-

lican" have lost their historic meanings and no longer lay claim to traditional ties and presumed loyalties. Everywhere, voters examine candidates without regard to labels or enrollment. If they like what they see, as in the case of President Reagan, they are happy to disregard party lines (he himself was once a Democrat); if they find him wanting, like Mr. Hart, the rejection is quick and decisive. The fact is that America no longer has a two-

party system but rather a no-party system. The adependents in both parties now outnumber predictable party voters. Some polls indicate that a -majority no longer consider themselves Democrats or Republicans, and tend to measure candidates by . their freedom from partisan commitment.

They also reject leaders of their own constituen ... cies who try to influence them. Labor minons By Richard C. Wade

er that half their membership abandoned them for Ronald Reagan. In the same way, black voters disregarded the choice of most of their spokesmen and went in droves for the Reverend Jesse Jackson in the Democratic primaries.

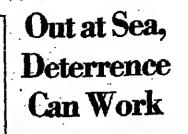
Eurollecs of both parties jump ship regularly. Even popular elected officials are quick to point out that their support is hardly ever transferable to other candidates. And millions of citizens have dropped out of politics altogether; barely half even bother to vote in presidential elections. This rampant independence is a central fact of contemporary politics. And its sources are not hard

Today's voters are notoriously unpredictable. Candidates will. have to deal with great volatility.

to discover. An almost continuous prosperity since World War II has produced a generation that does not need politics for jobs or success. Television has replaced parties as a mediator between candidates and crizers, withering the grassroots organizations that once nourished political activity. In addition, a string of public acandals beginning with Watergate has bred a corrosive cymicism about the entire democratic process. The result is a skeptical electorate that musts its own judgment more than the established sources of political authority - parties, elected officials or civic leaders.

The case of the Republican Party is instructive. A sitting vice president, George Bush, is chal-lenged by the majority leader of his own party, Bob Dole. A conservative representative, Jack Kemp; and a former senator, Paul Lazelt; isy conflicting claims to the legacy of a popular, if weakened; president, And a preacher, Pat Robertson, almost embryabel the former senator in a Michieum and ambushed the front number in a Michigan presidential cancus. The conservative captivity of the Republican Party that began with Barry Goldwa-ter's candidacy in 1964 has disintegrated into argu-

ment over who is the "real conservative."



### By Christoph Bertram

HAMBURG-The hagging over how to respond to Moscow's latest proposals on missiles is disturbing, and not only for the disarray it shows up in the Atlantic alliance. For it also underscores the fact that the West is merely reacting when it should be taking the initiative to define how security and deterrence in Enrope can be maintained.

Europe's security and deterrence now depend on the presence of large conventional forces, including about 320,000 American troops, coupled with U.S. nuclear weapons. Some of the latter are bound to be withdrawn as a result of the emerging U.S.-Sovi-et agreement on intermediate-range er agreement on internetitate ange-nuclear weapons. Others will remain, in particular the almost 5,000 "battle-field" nuclear weapons, for use by artillery, aircraft and ships. There are also a few hundred Brit-ich and Emerican surgest

ish and French nuclear warhcads, some U.S. strategic missiles allocated to the North Atlantic Treaty Organization's supreme European com-mander, and a score of U.S. sealaunched cruise missiles.

But once the intermediate-range missiles are removed, the rest is largely of doubtful determines value.

Take the battlefield weapons, which have been poured into Europe almost mindlessly to reasone nervous allies. Most use delivery systems of very short range. In a crisis, they would give a scarcely credible signal to a potential aggressor: that the West not only would use these weapons despite the attendant risks, but would release them early enough to make any differ-ence in a European conflict. U.S. strategic forces are also doubt-

ful deterrents. They are simply too big a bang. To use them would be the last step to worldwide nuclear war. They could scarcely put the fear of defeat into an aggressor with limited military objectives in Western Europe. ÷.,

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So the European governments' fear about being left with these systems is understandable. But the attempt to hold onto the remaining systems is misplaced. To block the Soviet proposal to ban all missiles of a range of 300 to 600 miles (about 500 to 1,000 kilometers) from Europe is a rearguard action that the West cannot win. It also locks Western governments into short-term reactions when long-term thinking is needed.

NATO governments should accept the Soviet challenge and put deter-rence on a sounder basis. Apart from sufficient conventional forces, that re-quires a small number of credible nuclear weapons. They would have to be stationed well to the rear instead of being at the front lines (where they could be overrun or create pressure on political authorities for premature firing); they would be mobile, not in vulnerable fixed positions where they would invite a Soviet pre-emptive attack; and they would be linked to detering conflict, not precipitating it.

Corporation marks the third time an independent counsel, appointed by a court under the Ethics in Government Act, has scrutipized Edwin Meese's conduct - twice at his own request. But remarkably, Mr. Meese continues to denounce as unconstitutional the law that allows such inquiries.

He argues that the independent counsel law invades the powers of the executive branch by creating a prosecutor oot subject to dismissal by the president. That is the essence of the post-Watergate reform that prevents something like Richard Nixon's 1973 firing of the prosecutor Archibald Cox.

When a high-ranking government official comes under suspicion, existing federal machinery often cannot do a credible investigation. In the Wedtech case, the public cannot be expected to believe that the Justice Denartment would prosecute its boss vigorously

scandal-ridden business, asked to transfe that investigation to an independent counsel. Such a counsel is already looking into the Wedtech dealings of Lyn Nofziger, Mr. Meese's longtime political associate.

An independent counsel requested by Mr. Meese three years ago made his confirmation as attorney general possible by clearing him of criminal wrongdoing in the doling out of White House jobs to creditors and friends. The current investigation by Lawrence Walsh, the independent counsel in the Irancontra case, could benefit Mr. Meese, whose own tumbering inquiry raised suspicions. The attorney general, whose demeanor

ought to be a model for law enforcement sensitivity, would do well to monitor his own behavior better --- and to stop bad-mouthing the very law that can clear him.

- THE NEW YORK TIMES.

# **Porpoises and Permits**

Each year Japan sends a fleet to U.S. waters to fish for salmon. In the process, porpoises become entangled and die in ovon nets that are invisible to their sonar. A permit that allows this "incidental" catch is up for renewal. The Commerce Department should allow the Japanese some iceway despite the objections of conservationists. The porpoises are in no danger of extinction, and denying the permit would run against other American interests.

Conservationists argue that not enough is known about the porpoise populations to issue a permit. They point out that the fleet operates in a calving area, and that each pregnant or lactating female killed equals two deaths. The Japanese want to renew the permit at 5.500 a year, or at the very least 4,000. An administrative law judge's conclusion that the right oumber is 1,750 has left oo one happy. The Japanese threaten to scuttle other fishing agreements and con-servationists talk of lawsuits, should Commerce adopt the recommendation.

The Marine Mammal Protection Act seeks to reduce incidental fishing mortality to insignificant levels. It also provides for kill permits during commercial fishing so long as

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species are not depleted. Thus the Japanese have been allowed to kill up to 5.500 Dall's porpoises a year since 1981. They have never reached that limit. Last year the number was near 1,500; in 1985 it was about 2,700. Judge Hugh Dolan would reduce the quota to

roughly the five-year average. The Japanese want a higher comber to cushion against normal fluctuations in the mortality rate; otherwise the fleet could be shut down. Some conservationists would like just that, since drift nets are destructive to marine mammals and sea birds. But denying the permit would rob the United States of leverage in future orgotiations and invite the Japanese to renege on agreements like one that restricts salmon fishing in the Bering Sea. It also would discourage their research on less harmful nets.

The Commerce Department should issue a permit of less than 5,500 but at least 1,750. If the permit were issued for two years instead of five, any hardship on the porpoises or the fishermen would affect only two seasons. Protecting porpoise populations and catching fish need not he mutually exclusive.

- THE NEW YORK TIMES.

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supported Walter Mondale in 1984 only to discov-

The Democratic disarray is also illuminating. contributed this comment to The New York Times.

**OPINION** 

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TRY AN 'A' TRY AN 'A' GOLLY THIS CONGRESSIONAL GOLLY THIS CONGRESSIONAL INQUIRY SHOW IS FUN!

TRY AN'I'

Mr. Jackson speaks for a considerable and loyal

segment of the party - the blacks -- but he has yet to attract the other colors of the "minbow coali-

tion." The younger generation of presidential ho-peruls argue that what is needed are "new faces"

and "new ideas" to attract the "baby-boomers." But, in searching desperately for the "new," candidates neglect the historic roots that made the

Democratic Party successful for years. These aspi-rants — Governors Bruce Babbitt and Michael

Dukakis, Senators Joseph Biden and Albert Gore, and Representative Richard Gephardt -- are vari-ously called "neo-liberals" or "high-tech Demo-

crats." Their sophisticated polling and computer-ized campaigns emphasize the perceived wishes of the younger voters, who dominate demographic charts but who do not vote in very large numbers.

Another part of the party esponses more tradi-tional themes, claiming that economic and social justice at home and democratic intervention

abroad are as important today as in the past. And it makes no apology for the New Deal and its successors, the New Frontier and the Great Soci-

ety. The most prominent spokesmen for this posi-tion are not candidates, namely Senator Edward

The one announced candidate who has picked

up the flag is Paul Simon, a senator from Illinois.

He describes himself this way: "I am not a neo-

anything, I am a Democrat." And he asserts that the historic Democratic heritage still makes good politics. An unabashed liberal, he has repeatedly

won elections in southern Illinois, one of the most

Neither party, though, carries out its intramural debate within the confines of a well-defined con-

stituency. No matter what their registration, the voters will exercise an independent judgment in

both the primaries and the general election. They are notoriously unpredictable and constitute a fitting battleground for the adversaries in this new

no-party system. All of the hopefuls will have to

contend with this volatility. Gary Hart has demon-

strated that only five days separates the "clear front runner" from no candidacy at all.

The writer is a professor of urban history at the

Graduate Center, City University of New York. He

Kennedy and Governor Mario Chomo.

conservative regions in the nation.

# No Fiscal Locomotive Can Pull a Deficit-Heavy Train

By Hobart Rowen

DARIS -- In talks here this week, Treasury Secretary James Baker has tried to persoade his European opposite numbers that the United States is delivering on the pledge to reduce its huge budget deficit.

It is essential that he do so: With considerable logic, his counterparts argue that if Mr. Baker is so insistent on creating a fiscal "locomotive" in Western Europe and in Japan to stimulate global growth, the promised American part of the bargain must be sharp deficit reduction.

That is supposed to be the essential cooperative method for reducing the huge trade imbalances that plague the world comomy: the deficit in the U.S. account, and the surpluses in Western Europe and Japan.

Yet the view in Europe on the locomotive theory is sharply divided. Within the international research agency for major industrial nations, the OECD, there is a strong consensus. It is that the economies of West Germany, Japan and other nations that can expand should do so, not just to help lower the U.S. trade deficit, but in the interest of their own living stan-

dards and to foster world trade. too early in their effort to force the The OECD position is that if the dollar lower — a judgment in which United States and its major partners, many financial analysis concur. In any event, the shape of this and deliver on them, the trade imbal-ances will continue indefinitely. But some others here are dubious strategy for the Venice session. The scenario, as laid out, still calls for that a more aggressive pumping up of the European and Japanese como-budgetary retrenchment in the Unit-mics can do much to boost global ed States and expansion elsewhere. To Europeans here, Mr. Baker is not convincing on the American role. growth. A paper prepared by Europe-ans for a recent forum sponsored by

the Center for Strategic and Interna-tional Studies says the presumed they expect only a modest reduction global benefits of the locomotive the-in the U.S. deficit if President Rengan ory are wildly exergerated. It offers clings to his nay-saying on a tax rise. this grim warning to the Venice coo-nomic summit meeting text month: with the European evaluation. The "Little that the principal Western porpartisan Committee for a Re-partners can do in the short term will sponsible Federal Budget said last

break the effect of the very serious imbalances that have been allowed to likely to be taken by Congress this emerge over the last lew years. summer will not solve "the serious ... What most needs to be done will structural deficit problem still fac-require not only time, but political ing the United States five years into verance of an exceptional order."

an economic recovery." On May 6, the Senate adopted a The implication of that gloomy as-sessment is that Baker and Co. quit Democratic proposal similar to a

# If Jordan Wants Peace, It Must Act

WASHINGTON - An Arab plea for peace with Israel is most heartily to be welcomed, espe-cially when it comes from Jordan's ambassador to Washington, Mo-hamed Kamal ("A Jordanian Appeal: American Jews Can Help," IHT, April 20). But the authenticity of his ples must be questioned.

He insists for instance, that Israel compromise for the sake of peace. but he has oothing to say about any possible Arab compromise. Yet, in this matter, Israel needs no prodding. It has proved by deeds, in its peace treaty with Egypt, how farreaching are the concessions it is prepared to make for peace.

The ambassador mentions Israel's military occupation of Judea-Samaria (the "West Bank") since 1967, but he is strangely silent about Jordan's military occupation of that area for 19 years before 1967. During that time, the area was constantly used as a launching pad for armed incur-sions into Israel In fact, Israel has tragically experienced many decades of protracted war, terrorism and hateful incitement systematically unleashed by the Arab world with the avowed aim of destroying Israel.

Arab hostility set the stage long before Israel appeared in Judea Samaria in 1967 - long before Israel's tration and Congress that deter-

mine American foreign policy, not any other country. Inadvertently, Mr. Kamal has

laid bare the essence of the Arab-Israeli conflict: the Arab inability truly to accept the historical and moral legitimacy of the Jewish state. tacks against the Jewish people of Palestine were common enough in By ascribing the establishment of the late 1920s and 1930s. Moreover, Israel to the "centuries-old Jewish a look at the PLO's intransigent hard inte - as seen in the Algiers meeting yearning for permanent refuge against discrimination and oppression," be shows the Arabs' lack of of the PLO National Council, Yasser

The age-old Jewish yearning was historic national-religious home-land, the Land of Israel. To miscon-Land of Israel amounts to a denial of the validity of that bond, and thus of Israel's rights. Arabia, Mr. Kamal ignores the fact that there is no such restriction on

U.S. military aid to Egypt, a modertraditional Arab charge, repeated by Mr. Kamal, that Israel has been ate Arab state. The key to a definition of moderation and friendship is

If Jordan wants peace, it need only And there is something demeaning about Mr. Kamal's blaming the accept the Israeli government's open American Jewish "pro-Israel lob-The Jordanian government and its by" for U.S. support for Israel -as though there were not objective king would encounter the same overprofound moral values underlying that support. It is the U.S. adminis-tration and Congress that the sum of the same over-The Washington Post.

House package passed earlier. It would cut the deficit by about \$37 billion for fiscal 1988 rather than the impossible \$62 billion called for by

the Gramm-Radman-Hollings law. Like the House, the Senate would get about half of the \$37 billion budget reduction for fiscal 1988, or \$18 billion, through tax increases. The schalors came up with one new wrinkle: a provision that would allow for billion increase in military a \$7 spending, but only if the president would accept \$7 billion in new taxes.

There are moves in both houses to put new life in the budget-balancing law by creating a more realistic timetable for it. Another idea is to find a way of restoring the antomatic reduction mechanism, which worked well before the Supreme Court rejected it. The revised timetable would add a sponsible Federal Budget said last week that a series of budgetary steps year to the 1991 target date for a balanced budget. This would recog-nize that the Granna-Rudman deficit target of \$108 billion cannot be schieved in 1988, but might be in 1989 if something like the proposed \$37 billion reduction took effect. That would cut the deficit for 1988 to

around \$135 billion. Taking two years, instead of one, to accomplish a huge budget reduction makes sense at a time when the economy is shaky. But to have any chance at all, these proposals for senous deficit reductions must have as a base the president's willingness to raise taxes to the degree suggested by the congres-sional Democrats. And whether any of it will then offer relief for the global

achievements of the President during his tenure of office, including the

creation of a children's bureau man-

first of the kind ever made by a Presi-

NEW YORK - The war between

dent of the United States.

economy remains to be seen. The Washington Post.

understanding of the basis for the Jewish people's bond with Israel.

not merely for a refuge, but for its strue the Jewish people's link to the

From here it is but a step to the posed" on the region.

Mr. Taft and Theodore Rooseveltreached a degree of unprecedented intensity [on May 13], when the President, speaking at Cambridge, Ohio, flatly accused his predecessor of "trying to "honeytuggle" the Ameri-can people." Mr. Taft warned, his bearers that they would be jeopardizing the country if they fed the ego-tism and vanity of Mr. Roosevelt by putting him in office again.

these conditions. It is already being deployed in European waters: the Tomahawk sca-launched cruise mis-sile, carried on U.S. warships. The navy has ordered 4,000 of these W weapons, of which up to one-fourth are expected to carry nuclear charges. A small number of these missiles,

A weapon exists that combines

dedicated to the European theater, would allow NATO to get rid of questionable short-range systems and to base determence in Europe on politically and militarily sensible forces. There are problems with this pro-

posal. The U.S. Navy has always been reductant to have its cruise missiles allocated to any specific region, view-ing them as a "floating" asset. That tude would have to be revised. And NATO's supreme European commander would have to be given authority over a sca-going cruise missile force in European waters, just as he has authority over all U.S. ouclear

weapons based on land in Europe. No less important, a cruise missile force dedicated to Europe must involve Europeans. European vessels could escort the missile carriers, which should be based in Europe.

There would be political reservations about this, but they could be overcome if the creation of the new force were clearly coupled to the removal of all existing land-based nuclear capabilities from the continent. The West cannot afford to let Mik-

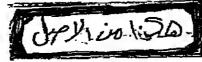
hail Gorbachev define its deterrence needs. It must regain the initiative, in the interest of security and of arms control. A dedicated sea-going force of cruise missiles, attached to Europe, would serve these interests well.

The writer is diplomatic correspondent of Die Zeit in Hamburg and former director of the International Institute for Strategic Studies. He con-tributed this to the Los Angeles Times.

### IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Taft on the Trail 1937: Hemingway Reads

WASHINGTON - President W.H. PARIS - Ernest Hemingway once Tait has issued an appeal to the wom-en of California, where the State pri-sure." He was under prassure Wednesday night [May 12] at Sylvia Beach's Shakespeare and Company Library, and he knew it. As he threw mary elections take place on May 14], and where the women's vote is an uncertain factor. The appeal cites the his 210 pounds into the little room, he cursed, said that this was the first time he had ever read any of his aged by women. This appeal is the works, and he would never do it again, even for Sylvia Beach. He sat down and started to thumb the pages of his yet unpublished novel. "I den't know whether I can do this," he said. He got through the first chapter all right, which dealt with Harry, a pretty tough guy who took fishermen out from Havana to get mariin in the Guif. When the fourth chapter was finished he took another bottle of beer and stopped. And when the applause had become a patter, James Joyce, who had been sitting in the back, got up and walked out.



action for peace, not mere words.

Arafat's reminciation of his 1985 accord with King Hussein, and the PLO's condemnation of Egypt's peace treaty with Israel - shows where the obstacles to peace lie. In faulting the United States for withholding arms from moderate Arab states such as Jordan and Saudi

By Meir Rosenne The writer is Israel's ambassador to the United States. establishment in 1948. Organized at-

# **OPINION**

# Living 'as the Soul Directs': The Crimes of a Soviet Poet

### By George F. Will

WASHINGTON - The brunch menu at one of Washington's posh hotels reminds Irina Ratushinskaya of the story of the donkey who, placed midway between two feed bags, starved to death from indecision. Not long ago, mealtime choice was not a problem for Miss Ratushinskaya, whose lunch was spoiled cabbage floating in salty water. Supper was an uncleaned fish in salty water.

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Four years ago she was 29, and received the harshest sentence a woman political prisoner in the Soviet Union

She does not seem to feel that the choices that brought her to the Gulag were choices; they were as natural as breaths.

has received since the Stalin era: seven years' hard labor in a camp for "espe-cially dangerous state criminals." Miss Ratushinskaya's principal crime

was writing poetry. She describes her poetry as unpoliti-cal, hut nothing is considered unpolitical by a totalitarian regime. Furthermore, her poetry expresses a religious sensibility, for which she credits the regime. Just as boring Sunday schools have produced unbelievers, the reaction of 8-year-old Irina to anti-religious propaganda in school was: God matters. Poetry and human rights activism led

first to six months of interrogation in the KGB's Kiev prison, used for Gestapo interrogations after the Soviet-Nazi pact fell apart and Kiev was in German hands. She was transported to the labor camp in a windowless cargo car - another echo of Soviet-Nazi affinities. When Miss Ratushinskaya confronted the provocations of camp authorities, this woman with the mild surface displayed a porcupine personality, bristling with spiky resistance.

She does not speak as though - she does not seem to feel — that the choices that hrought her to the Gulag, and then to torture and the edge of death, were choices. Her moral metabolism made the choices as natural as breaths. Because of her spiritedness, camp authori-tics shaved ber bead. When she fasted to protest mistreatment of others, she was handcuffed and force-fed by six men. Knocked unconscious in the struggle, she had liquids poured down her throat.

Swollen from the salty diet, she spent much time in icy punishment cells where at times she was fed only every other day. Yet she used matchsticks to carve poems into soap bars, memorized them, then washed them away:

We live stubbornly, like a small beast who's gnawed off his paw to get out of a trap on three. We've mastered that science And with brave smile -

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that way the wounds are bandaged tighter . . .

She could share her poems, as she did with her two guards, who asked her to recite an example of her criminal deeds. They were struck by this glimpse of beauty and intelligence in their barren world, but had no paper. So one guard transcribed the poem on the other guard's undershirt.

Miss Ratushinskaya has large brown eyes that do not blink often; they have seen much. Her matter-of-factness about her pilgrimage through fire makes an untested Westerner feel as flimsy as papier-mâché. Isolated, tortured, ha-rassed, starved, exhausted, frozen, she could at any time have won release by signing an acknowledgment of "guilt." She never considered that. Instead, she fought the enforced senselessness - of camp life, the petty regulations and du-ties by which the authorities seek to

hreak spirits and flatten personalities. Because of the gentleness of life in good societies, we can live long lives and never need to be as brave as she was daily, instinctively. In her prison poems, her voice was at times almost jauniy: Well, we'll live

as the soul directs. not asking for other bread.

And I will get myself a tame mouse while having a dog is impossible ... He and I will invent a land where there are neither cats nor

We'll make a home behind any bars, beyond any February — spring ... We'll raise a dog anyway, but in better times.

.Those who believe that the release of Miss Ratushinskaya and a few others like her means much better times for her country should hear ber contrary opinion. She knows that she is out only on's watch, without even mentioning the

because she is a poet, and that thou-sands of others languish because they have no comparable hold on the world's imagination. That is why she cannot yet know the ease she imagined in prison, the contentment of being able to say, We'll unsaddle the day - to graze." She was released from prison the day porter sought to become a "superstar.

Mr. Price writes: "If the current inbefore the Iceland summit meeting, as a detta [comparable to Watergate, that is], the likely immediate cost will be Central party favor for the West, a sign of Soviet interest in new agreements. So ended the saga that began when the KGB raid-ed her apartment and seized books they America." The cost to whom? To the really own Central America? The president of Costa Rica, for one, would disagree. So would I. U.S. military and intelligence activities are doing far more to undermine respect for the United

described as "ideologically dangerous."

The books included a volume of interna-

tional agreements to which the Soviet



### LETTERS TO THE EDITOR

This Time, Only the Truth

Regarding the opinion column "It Won't Be Another Watergate" (May 7): Raymond Price appeals: "This time, for a change, only the truth." The truth about President Richard Nixon is that he was guilty of gross misuse of the office of the president of the United States, and of the CIA, during his term in office. Mr. Nixon accepted a pardon, and in so doing, admitted his guilt. The truth is that Richard Nixon and

Henry Kissinger secretly bombed Cam-bodia. The truth is that the CIA helped in the coup that toppled the democratically elected government of Chile. The truth is that under Mr. Nixon, the CIA spied on U.S. citizens inside the country, something it is bound by its charter not to do. All of this occurred during Mr. Nix-

Watergate affair and all its sleaze. These things are and were true, re-gardless or whether Senator Sam Ervin was or was not a racist or a demagogue They are true whether or not Bob Wood-ward, Carl Bernstein or any other re-

quisition builds into a comparable ven-United States? Does the United States

Union has subscribed. Washington Post Writers Group.

GENERAL NEWS

States in that region than is the existence of the government of Nicaragua. Mr. Price, the Watergate hearings were not really a vendetta. The Irangate hearings will not be one either. And I agree with you: This time, for a change, only the truth.

> PAUL BIRCHARD. Glasgow.

Mr. Price's diatribe breaks new ground in demagoguery. He implies that if the Watergate co-

erup had succeeded, 25 million people in Asia would have remained free, and two million would not have died. Can you prove that, Mr. Price? Does the writer want us to believe that

the coverup never took place? That the House of Representatives based its arucles of impeachment on the work of lying journalists? Nowhere does Mr. Price cite a single

example of media misconduct. Being a poor loser seems to be par for the course for former Nixon staffer former Nixon staffers.

E, ERNEST GOLDSTEIN. Villars-sur-Ollon, Switzerland.

### Share the Defense Burden

There is a tendency to blame America's overnment and its industry for a series of problems relating to the U.S. budget and trade deficits, as well as for the inability to cope with this situation and prevent worldwide economic instability.

But it cannot be overlooked that the military expenditures of the United States represent about 25 percent of the

national budget, as compared with 1 to 2 percent in Japan and about 10 percent in West Germany, countries America is and other successful exporters deserve a pledged to protect and which enjoy strong economies and large foreign trade surpluses. The defense burden should be more equally shared by the allies, thus reducing the U.S. budget deficit, The allies should buy more weapons

systems from the United States instead of developing their own. They should refrain from subsidizing their aircraft industries and buy military and commercial planes in the United States instead.

The industrial nations should also restrain their exports to the United States and promote imports from the United States of goods that are competitive and have a high level of technology and ouality, so as to achieve a balanced trade ith the United States.

They should bear in mind that this would represent the least evil -- because a continued foreign trade deficit may lead to major economic and political shocks. These governments must make it clear to their electorates that reasonable sacrifices at the right time may prevent future shocks and catastrophes that would be much more painful.

> JOSEF NAFTALISON. Zurich.

Beware Gephardt's Paddle You have carried several stories in recent days about the efforts of the pres-

idential hopeful Richard Gephardt, a Democratic congressman from Missou-

# Just When I Was Prepared For Nothing to Go Right ...

### **By Richard Reeves**

N EW YORK — Like a jerk 1 lost my wallet in midtown Manhattan last Tuesday, I had trouble sleeping, thinking about Weinesday and the agony of waiting in long lines to prove I existed by getting a new driver's license, bank card. credit cards and all the rest.

My only consolation was that I could write this column using the hassle and the

### MEANWHILE

long lines as a metaphor to show that nothing works anymore in America 1 composed whole paragraphs in bed: the contusion in airports with passengers and planes stacked up everywhere; the lousy service in stores that no longer seem to have clerks; being put on hold and being bombarded by Mantovani and commercials until the dial tone seturns.

"Lean and mean" American business sometimes means no human beings on the other end of the telephone. And long lines and surly clerks. New Yorkers with

m, to solve the U.S. trade deficit problem. Mr. Gephardt believes that Japan strong dose of the "mg suck."

Americans living abroad are already familiar with Mr. Gephardi's brawny views on trade, and we have felt the sting of his inspirational padole. Last year, and for several years previously, he pushed hard in the Congress for the elimination of Section 911 of the Tax Code, which gives Americans working abroad a limited exclusion of foreignearned income from their U.S. taxes

Some of us have never understood the sense of the United States harassing its entrepreneurs overseas, and giving employers financial incentive not to hire Americans for jobs abroad. President Carter's Export Council in 1979 said that this practice costs the country billions of dollars in lost exports each year. We ask Mr. Gephardt why Japan and

other successful exporting countries go out of their way to support their citizens working abroad. Has he not thought it curious that none of America's trade competitors taxes the foreign source income of its citizens living in the United States or anywhere else?

Given the excitement about Mr. Gephardt's prospects for the White House, and the fact that be wants to get there as a champion of improved trade performance, the two million overseas Ameri-cans should ask what will happen if he is elected. On his past performance, we are all in for very sore bottoms.

ANDREW P. SUNBERG. Geneva

money, 1 hear, are hiring poorer people to wait in lines for them at places such as government agencies and airline offices. I know the system from Third World countries like Pakistan and Indonesia.

Page 5

Page 7

So. Wednesday finally dawned as one of the worst days of my life. After screaming at the bahy and turning her over to her sister, 1 left for the lines at 10:40 A.M. 1 was on East 86th Street, and my first stop was at the American Express main office on lower Broadway.

Mr. Reeves? We've been expecting you," the receptionist said, mentioning that the computer showed I had reported my credit card missing. "I am sorry, but it will take us another 10 minutes to get your new card ready."

That one was easy. At the Chemical Bank branch around the corner, the assistant manager said: Your hranch is in Sag Harbor? That's timost a hundred miles away. You'd better fill out this form."

That took 30 seconds. Name, address, account number, "O.K.," he said with a smile. "You'll get a new card in the mail within 10 days." "Yeah," I said, "but how do I get

money without a card to put in the cash machine?" He approved my check right there and I walked out with \$200.

But all that was in the private sector. Now it was Kafka time: the Department of Motor Vehicles.

"New or renewal?" said the lady at the information desk near City Hall. "Well, I loss my license," I said. "Renewal," she barked. "Fill out Form

44, then go to the yellow chain." It seemed to be half a mile away. But after filing out the short form - name, address, birthdate --- I went to my assigned chain. Only six people were ahead of me. There were also two "expediters" to

belp us with any questions. In five minutes, I was facing a woman wearing a tag that said "L. Blocker," She looked at my form and said, "Six-fifty." I paid and she said, "Go to the back and

they'll take your photograph." The photo-taker said: "Smile, O.K. The permanent one should arrive by mail within 10 days. Have a nice day. It was 11:38 A.M. My ordeal had taken all of 58 minutes. I went across to the Municipal Building and took the subway back uptown. The train was spotless, part of a new program to clean graffiti off each subway car three times a day.

I got back to my office after lunch. The first call was from my union, the American Federation of Television and Radio Artists. A lady named Marta Wagner had found my wallet in Central Park, seen my union card and delivered everything to AFTRA headquarters.

Nothing was missing. America may be falling apart. But you couldn't tell it by me today. Lintversal Press Syndicate.

**Referendum to Test Ireland's Faith in EC** 

By Robert O'Connor Special to the Herald Tribune

Fricodship Society, the Returned Development Workers Association and the Irish Campaign for Nuclear Disquarment. Ireland is the only EC country that has not IOT NUCIEAR DISARI A spokeswoman for the coalition, Carol Fox, said that the Single European Act was part of a wider attempt to establish "an all-European

It's not just our flights that

DUBLIN --- Ireland's long-debated role in Europe will be put to the test this month in a court-ordered referendum on the European Community's latest drive for unity.

Last month, the Irish Supreme Court ruled that the Single European Act was unconstitutional. The Irish Parliament had voted in December to approve the act, which updates the EC's founding treaty and creates a mechanism for coordinating the foreign policies of the community's 12 member nations.

The Irish court ruled, 3-2, that the act illegal-ly infringed on Ireland's right to shape its own foreign policy and that a constitutional amendment would be needed before the treaty could be considered valid.

The government has scheduled a referendum for May 26.

A broad coalition is seeking to block approval of the amendment. Opponents range from defenders of Ireland's traditional neutrality to conservative Catholics who fear that the act will require Ireland to legalize abortion.

ireland is the only EC member that does not also belong to the North Atlantic Treaty Organization, the defense alliance that links a group of European countries with the United States and Canada.

The amendment is supported by Ireland's three major political parties and is expected to win approval. The Irish public is well disposed toward the EC, which has pumped millions of pounds into the country since it joined in 1973. Entry into the EC was approved by 83 per-

cent of the country's voters in a 1972 hallot. To campaign against the May 26 measure, several organizations have banded together in a Coalition for Peace and Neutrality. The alli-

ance includes such groups as the Ireland-Cuba

By Sherry Buchanan

LONDON - It is not easy for

career-mindeo American students

to convince European companies

io give them well-paid summer po-

sitions. But those who lower their

sights will have little trouble find-

ing less prestigious jobs. The Council on International

Educational Exchange, based in New York, helps U.S. students to

find temporary work in foreign

countries and students from

abroad find work in the United

Of the 4,000 students in its pro-

gram who secured jobs last year in

France, West Germany and Brit-ain, only 15 percent found work

related to their studies, the ex-

States.

onal Herald Tribune

**Opponents of the EC** measure range from defenders of Ireland's traditional neutrality to conservatives who fear it could force the country to legalize abortion.

super-state. And any identification with that is

going to inevitably draw us into NATO." She said she feared that Western Europe was moving toward creating its own nuclear arse-nal. "People went into the EC." she said, "thinking it was going to be an economic com-munity, not thinking it was going to be a nuclear superpower." Mrs. Fox criticized the act's proponents for

epicting it as a simple vote on EC membership. If the act were renounced by Irish voters, she said, Ireland could simply renegotiate its position within the EC.

"It is just impossible" she said, "for any country to be thrown out of the EC."

country to be thrown out of the EC." But that view was rejected by Peter Doyle, a spokesman in the Dublin office of the Europe-an Commission, the EC's executive body. Before Denmark approved the European Single Act in a referendum last year, Mr. Doyle said, the other member states, including Ire-

ratified the act. Defeat of the measure, Mr. Doyle said, would mean that "Ireland's position in the community would very quickly be-come untenable."

"If we reject the Single European Act," he said, referring to Ireland, "we'll be in a two-tier Europe and we'll be in a second tier all on our own. And we'll be left behind."

Mr. Doyle denied that the legislation would copardize the country's neutrality. "In fact," he said, "the Irish neutral position is given implicit recognition in the new treaty, which it never had before." "The other member states," he added, "are

not interested in Irish neutrality. It is not an ssue for them."

The Supreme Court decision resulted from a suit brought by Raymond Crotty, an agricultural economist.

Mr. Crotry believes that EC policies helped drive up Irish unemployment and that the measure will transfer too much power to central authorities.

Ireland is proud of its nonaligned status. It remained neutral during World War II and it opposed the use of British force against Argentina during the 1982 Falklands war.

It also has taken a tougher line on apartheid than its European partners, imposing a ban on imports of South African produce.

Jacques Delors of France, who is president of the European Commission, sees the Single European Act as central to "Europe's credibility." He expects the measure to help bring about a "frontier-free market" and "greater economic and social cohesion," as well as a joint research and technology policy, a stronger European Monetary System and "meaningful measures for the environment."

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retarial or clerical work. Fiftcen percent worked in bars or pubs, 12 percent in sales, 8 per-crin in hotels, 2 percent out of cent in hotels, 2 percent out of offector of work in Germany, use They are so point, said Tony Gern doors and 2 percent as nannies. "The market in Europe for sum-

son, the director of Work in ham." France, the Paris office of the Council on International Education Exchange. "It is harder to get a

LIVING ABROAD

job because it creates administrative hassles for the employer." and large German banks. Nonetheless, the exchange's of-French and German companies are showing increased interest in hiring American interns for the summer, anty and international law firms. provided they speak the language

well and contact the companies as tistics, the more casual summer early as January. Some American universities, to find, provided students speak change reported. Another 26 per- such as Princeton and Northwest- the language of the country in change reported chouse as provide the set of the country in the country in cent were assigned to waitress or era, are organizing internships for which they are seeking employcent were assigned to recent to see their students at companies in ment

Although every case is different,

For a Summer Job, Forget Prestige but Get Permit mer jobs is not the same as in the polytechnics have to work during has four Americans working for United States," said Andres Ma- the summer as part of their curricu-him. "They're just beautiful people." the summer as part of their curricu- him. "They're just beautiful people. It doesn't bother me that they can "For companies it is not self- only work for a few months, I can less," he added. "It's cheap labor." always In recent years, American stualways replace them with new stu-

The managers of Boodles, the dents participating in the Work in quintessential English gentlemen's Germany program have found in-ternships with Volkswagen AG, club, have been hiring American Siemens AG, IBM Germany, Unitstudents for the last two years beed Parcel Service, Merrill Lynch cause they are "always helpful, friendly, nice and chany."

Students participating in Work To obtain a summer job in Eufices in Paris and Bonn report that in France have found internships at rope, American students must first apply for a temporary work permit. For an \$82 fee, the exchange guarantees temporary work permits in Britain, France, West Germany, Ireland, New Zealand and Costa According to the exchange's stajobs have become remarkably easy Rica for eligible American students.

To be eligible, a student must be at least 18 years old, a permanent U.S. resident and enrolled in the degree program of an accredited American college or university. To apply for work in Britain, West Germany or Costa Rica, the student must also hold U.S. citizen-

# **Reagan, Citing Study, Asserts ABM Pact Does Not Limit SDI**

Compiled by Our Staff From Dispatches

Page 6

project. The study by the State Depart-ment's legal adviser, Abraham D. Sofacr, affirms the Reagan admin-tersetion's regulation that its broad train Defense Initiative in the 1988 The House actions were its final steps in chipping nway at the Rea-or the House, which has already voted overwhelmingly to stick by the traditional interpretation, could veto expanded testing. interpretation of the U.S.-Soviet fiscal year, which begins Oct. 1, treaty is correct. Details of the

In releasing the study, the White House spokesman, Marlin Fitzwater, said that the administration had not yet decided to enter into a new phase of research on the Strategic Defense Initiative, as the billion. space defense project is known.

The administration's broad interpretation of the treaty has been disputed by former officials who helped negotiate the pact and by Sam Nunn, the Georgia Democrat who heads the Senate Armed Services Committee.

Mr. Fitzwater said that Mr. Sofaer concluded that the negotiations that led to the treaty did not \$4.5 billion for the new fiscal year. limit the Reagan administration to a narrow interpretation of the ing of the Strategic Defense Initia-agreement. tive pits Bob Dole of Kansas, the

He also said it was not logical to Republican minority leader and a expect the Soviet Union to be leading contender for his party's bound by the U.S. Senate's ratifica-nomination, against Mr. Nunn, the tion of the pact.

pretation of the treaty say that in candidate for the Democratic ratifying the treaty, the Senate nomination. clearly believed that it barred testing of exotic devices to protect Senate Armed Services Committee against an attack by ballistic mis-siles, including laser and other

The Soviet Union also contends any testing teat is not contended under tight constraints of the traditerpreted as imposing strict limits ABM treaty. on SDI research.

On Tuesday, the House of Rep-Delaware, who is pursuing the resentatives voted to cut another \$500 million from funding for SDI while Senate Republicans vowed to fight a bill that contains restrictions on testing.

The key vote in the House came on an amendment proposed to a two-year Defense Department authorization bill by Representative Charles E, Bennett, Democrat of Florida, His proposal would reduce funding for the space-based de-fense program in the pext fiscal year from \$3.6 hillion to \$3.1 bil-lion.

The amendment was approved 219-199, with 20 Republicans who opposed the Reagan administration providing the margin of approval

In a direct test of sentiment on early deployment of the program, the House also decisively rejected an amendment by Representative Jack F. Kemp, Republican of New York, calling for "operational ca-pability" of a space-based defense system by 1993.

The vote was 301-122 as 58 Republicans opposed Mr. Kemp, who has announced his candidacy for

After rejecting Mr. Kemp's Mr. Reagan has vowed to veto WASHINGTON - President amendment, the House added to any legislation that tries to carb his Ronald Reagan told Congress on restrictions that already were in the arms policies. Most Democrats ap-Wednesday that a State Depart- measure by adopting an amend- pear to have rallied with uncharacment study shows that the 1972 ment prohibiling deployment of teristic unity behind Mr. Nunn, a anti-ballistic missile treaty does not any element of an anti-ballistic bar testing of sophisticated compo-missile system unless it was specifi-nents of his space-based defense cally authorized by Congress.

study have been widely reported. Committee had slashed the funding The House Armed Services level to \$3.8 billion. But the House adopted a substitute Defense Department authorization bill that cut overall defense spending hy \$17 billion and set SDI funding at \$3.6

The lower \$3.1 billion figure was urged by lawmakers who argued that, after a conference with the same cost. Senate, the final SDI figure was likely to be about \$3.7 billion, slightly more than the \$3.6 billion provided for the program this year. The Sepate Armed Services Committee has set the spending at

In the Senate, the clash over test-

Armed Services Committee chair-Opponents of the broad inter- man who is considered a potential

By Tom Kenworthy The restrictions, approved by the WASHINGTON - A Houselast week as part of the defense bill. Senate conference committee has would give Congress a veto over begun negotiations on a budget resolution for the 1988 fiscal year amid predictions that the Demotional narrow interpretation of the

cratic majority swiftly will reconcile the relatively minor differences between the two houses. "Within the framework of a \$1 trillion budget, the similarities are Democratic Party's presidential nomination, is leading a related much greater than the differences," fight to win approval of a separate said Representative William H. resolution endorsing the traditional Gray 3d, the Pennsylvania Demointerpretation of the treaty. crat who is chairman of the House

The House also approved a measure that could make it difficult for foreign governments and firms to win SDI contracts. The House voted 229-187 to pro-

hibit foreign companies or governments from receiving research and development funds for the project. unless the Defense Department certifies that the work cannot be done in the United States at the

The move against funding reflected protectionist sentiment in Congress and could seriously affect foreign governments and companies hoping to win some of the billions of dollars appropriated by Congress for the project.

Both the Senate and the president would have to agree on the measure for it to become law. (Reuters, WP)

on Past Service

House-Senate Panel Starts Budget Talks Budget Committee, as negotiations began Tuesday. "I look forward to a quick and successful conference." billion in military spending only if The principal areas of disagreement between the spending plan adopted by the House of Representatives and the one passed by the budget proposal, which calls for \$18 billion in tases, makes no such Senate are in revenues and military spending. The spending budget adopted by the Senate last week demand of the Reagan administration.

would give the Pentagon about \$7 Mr. Gray suggested that the difbillion more for the 1988 fiscal ference in military spending would not be a major stumbling block. year, which begins Oct. 1, than would the House version. It also would raise about \$8 billion more

But the conference promises to

### The Senate's budget, however, be marked by partisan rancor. Re-would provide the additional \$7 publican members of both budget panels essentially participated with President Ronald Reagan signs criticism from the addines and the separate legislation raising \$18.3 majority Democrats forged their billion in new taxes. The House own spending plans.

Senator Pete V. Domenici of New Mexico, the ranking Republican on the Senate Budget Commit-tee, set his party's tone by distribut-

their noses in unison.

tions normally reserved for whites corporations are now almost the captives of Reverend Sullivan," the institute said. "Many companies are acting in a manner which often

challenges the South African authorities and often defies existing legislation and regulations. The critique - which in parts

tce, set his party's tone by distribut-read like an impassioned defense of ing copies of a New Yorker apartheid — cited as evidence an magazine cartoon that portrayed a their minority report by thumbing ed having black and other non-

South African Report Assails U.S. Companies , **On Abetting Integration** 

By William Claiborne

report on the signatories to the Sul-

ivan principles, issued last month, the institute accused the code of encouraging black employees to move illegally into segregated white residential areas. It said those em-

ployees also had been urged to

press for an integrated education

system and equal access to health facilities, transportation, beaches, parks and "all other accommoda-

only residential areas, in violation of the 1950 Group Areas Act that

segregates housing by race. The Sullivan report, which rates the social responsibility of U.S. companies in South Africa, has become important to the parent companies because many U.S. state and municipal authorities weigh the Sullivan ratings in evaluating bids for government contracts.

The annual report was based on questionnaires submitted to the signatories and on biannual visit to South Africa by representatives of Arthur D. Little Inc., which compiled the report.

some responses as evidence that U.S. companies had been encour-aged to violate South African race

One unidentified company was quoted as saying that in "continu-ing our thrust against apartheid, and specifically the Group Areas Act," it had purchased a large furnished house in a white suburb for use as a multiracial residence for 10 students at Cape Town University. Another company were quoted as saying it had found houses for nonwhite employees in all-white suburbs of Johannesburg through baison "with other progressive companies and by holding discussions with housing companies."

### Bonob Kills Harare Woman

The Zimbabwean wife of an exiled member of the African Nation-"It has become obvious that U.S. al Congress, the South African guerrilla organization, was killed Monday night when a bomb demolished an apartment in Harare. The Washington Post reported.

worked as a secretary in a Zimbabweas ministry. She was alone in the spartment. The Zimbabwean auassertion in the Sullivan report that whom they did oot identify, was a white employees living in whites-

# **President of Guatemala Faces Pressures in U.S.**

By Stephen Kinzer New York Times Service GUATEMALA CITY -- Prescan president." ident Marco Vinicio Cerezo is in Washington to seek increased American aid at a time when

some Reagan administration offi-cials are dissatisfied with his po-licy of "active neutrality" in the Central American conflict. As part of that policy. Mr. Cerezo opposes continued U.S. assistance to the Nicaraguan rebels, who are known as contras. But some Guatemalan politicians and

warned Mr. Cerezo this week oot to "give in to the pressures that he will soon receive from the Ameri-

Two weeks ago, leaders of the Sandinist government in Nicaragua expressed concern that Mr. Cerezo was succumbing to U.S. pressure when he decided not to invite the Nicaraguan foreign minister to a meeting of Central American foreign ministers here.

And on Sunday, the human rights group Amnesty Interna-tional issued a long report on conditions in Guatemala. The recommentators have suggested port criticized Mr. Cerezo's decithat while Mr. Cerezo is in Washstoo not to seek trial and nu

ment for those who ordered or

"UH., BECAUSE ...



President Marco Vinicio Cerezo of Goatemala speaking to the Organization of American States in Washington.

# Soviet Civilian Aid for Afghans

### Moscow's Vast Program Signals Long-Term Ties to Kabul

By Richard M. Weintraub

Soviet Union is establishing a vast ters of the Indian Ocean. network of trade, aid and cultural relations with Afghanistan that is daily in and out of Kabol's airport, more elaborate than its military which was built with U.S. aid. Conpresence and seems intended to endure even if some or all of the from railheads at the Soviet-Af-Soviet troops are withdrawn from

the country. Prime Minister Sultan Ali Kisht-Kush mountains that thwarted formand recently estimated that the eign conquerors in the past. Soviet financial contribution was 40 percent of Afghanistan's civilian support for the estimated 120,000 Soviet troops fighting Afghan guerbudget. Other experts estimated

Today, giant Ilyushin-76s fly tion that Moscow may be seeking long-term influence there, whether the region remains part of Alghani-stan or is absorbed into the Soviet voys of Soviet trucks travel south

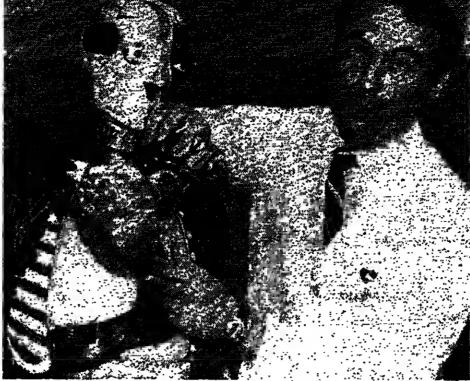
Union ghan frontier, overcoming the nat-Of 20 separate series of economural barrier formed by the Hindu ic agreements signed by Afghanistan and the Soviet Union this year, more than half involved projects in the northern provinces. Some were Much of this traffic is to provide agreements between an Afghan province and its neighboring Soviel

member. rulers in Kabul for influence over borders the sensitive Soviet Mos-Westington Past Service Alghanistan, a passageway to the lem republics, diplomats have ob-KABUL, Afghanistan — The riches of India and the warm waactivity. This has lead to specula-

The dead woman, Tsitsi Chiliza,

thorities did not mention that she was married to a South African, but sources close to the guerrilla group of legislators submitting 42 percent of the signatories report- group confirmed that her busband,

Wathington Post Service JOHANNESBURG - Many U.S. companies still operating in South Africa are engaging in "cor-porete civil disobedience" against apartheid according to report by a conservative South African group. The South African Institute for American Studies, in a 20-page critique of a recent report on the 179 U.S. signatories to the Sullivan principles, said the code of pondiscriminatory business practices has progressively drawn U.S. compa-nies into the South African political arena" by requiring them to engage in activities against the apartheid system. The code was devised by the Reverend Leon HL Sullivan, a black Baptist minister in Philadelphia who is a veteran of U.S. civil rights struggles. The institute, attached to Rand Afrikaans University, is South Africa's most prominent private organization studying U.S.-South African relations. **Recipients Survive 3-Way Heart Transplant in U.S.** Commenting on the 10th annual



Dr. William Baumgartner explaining how he helped transplant the heart and hung of a car crash

victim into Clinton House, a 28-year-old whose own lungs had been destroyed by cystic fibrosis.

Mr. House's heart was transferred to John Couch, a 38-year-old whose own heart was failing. Dr.

Baumgartner said both men were "doing well" at Johns Hopkins Hospital in Baltimore.

the 1988 Republican presidential nomination.

### Ugandan Rebels Kill 8 on Bus Agence France-Presse

KAMPALA, Uganda — Anti-government rebels opened fire at a passenger bus 15 miles (24 kilometers) from the eastern town of Sor oti. Eight passengers were killed and 20 were wounded, the Roman Catholic daily, Munno, reported Wednesday.

ington, he will be pressed to adjust his Central America policy so that it conforms more closely with that of the United States. During his four days there. Mr. Cerezo is expected to seek \$5 million to \$10 million in military aid. Aides said he would also seek increased economic belp. The visit included a brief meeting with

WELL, TO GENERATE SHORT-

TERM PROFITS, OF COURSE,

BUT ALSO BECAUSE ...

BECAUSE ....

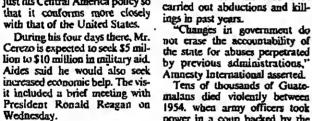
power in a coup backed by the The leader of the Democratic

### DOONESBURY

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DO WE POUR SUCH CARE AND QUALITY INTO BACH AND EVERY DR.



United States, and January last Socialist Party. Mario Solorzano. year when Mr. Cerezo was inau-

Changes in government do Nineth Garcia, was scheduled to not crase the accountability of be in Washington at the same the state for abuses perpetrated by previous administrations," time as Mr. Cerezo. Amnesty International asserted. Tens of thousands of Guatewill show that there is democramalans died violently between 1954. when army officers took cy in Guatemala."

BECAUSE

NE CARE,

SIR.

in revenues

However, after 16 months in office, diplomats and Guatemalan officials said that Mr. Cerezo

NO, THAT'S NOT IT. THERE'S SOME

TAX ANGLE ...

gurated. Relatives of victims have has not managed to wrest signifibanded together to demand pun- cant power from the army, which ishment for those responsible, headed or dominated governand their leading spokeswoman, ments here for more than 30 YCATS.

The army's continuing influence was underlined last week As Mr. Cerezo departed Tues- when three American CH-47 Chiday, he said Mr. García's trip nook helicopters based in Honduras flew to Guatemala to ferry a cenorted 300 Gustemalen

troops into a remote area where Marxist guerrillas have been ac-Live.

attorney-general, Gibson Chigaga, ports

was named finance minister

Kaunda shuffled his government

following the announcement two

weeks ago of a new economic po-

Mr. Kaunda said that Mr. Chi-

minister since January.

post from Prime Minister Kebby tary Fund Musokotwane, the acting finance The post

licy.

ednesday as President Kenneth

fillas lorces. who are sect than \$300 million a year in Afghan- overthrow the Soviet-backed govistan to provide many daily needs. crament in Kabul. Undoubtedly, the Soviet pres-

This figure, they said, does not include military assistance or sepport costs for the 9,000 Soviet civilian advisers in Afghanistan.

The Soviet Union also is seeking to inculcate future loyalties by developing a core of Russian-speakme Alehans. aber

It is a far cry from the days of the "great game" in the late 19th and early 20th centuries, when British and Russian agents vied with the

ence also is intended to back an apparently elaborate political and security infrastructure. An example General Najibuliah, at a recent pa-

But much of the Soviet activity is devoted to more than military or political conflicts, as witnessed by three U.S. journalists recently althe changes made in Afghanistan

Zambia Economic Posts ty seized power in 1978. Where thousands of West Ger-man and U.S. aid workers once **Shuffled in Policy Shift** worked in the 1960s and 1970s, a more extensive network of Soviet technicians now offers counsel in a Bank. It will regulate external trade parallel administration at most LUSAKA, Zambia - A former and promote nontraditional exgovernment ministries, according

to diplomats. According to a diplomat, Swiss Mr. Kaunda painted a grim picexperts in Afghanistan to install a rural areas or opposed to General ture of Zambia's economic future new power-generating system said but said that donor countries had that their Afghan counterparts shown strong support for his new carefully took notes at each plan-ning session. But they offered no While some Western observers in policy of economic self-reliance, announced May 1. It is intended to comments, apparently waiting to consult later with Soviet advisers. replace austerity measures advogaga would take over the finance cated by the International Mone-

At Kabul University, there are 50 professors from the Soviet The police reported Wednesday Union and a dozen from East Gerthat rioting youths demanding enmany. In the library, the works of Lenin sit alongside 1950s texts on U.S. local government.

Russian language instruction, which was introduced after the 1978 revolution, now attracts 30

cent still study English. This percentage could change, however, as thousands of young Afghans being educated in the Soviet Union return home. A diplo- filthy, bloody mess of our counmat reports that an estimated try." 15,000 young Afghans, aged 7 to

In northern Afghanistan, which from Soviet aid.

These projects range from footwear factories and wool-processing plants to power lines and the expansion and equipping of the state printing press. There are exchanges ¥

of medical personnel and journalwas the Soviet bodyguards seen ists, direct provision of poultry and with the Afghan leader, Major dairy products, and a Soviet project to develop the Yateemtaq gas fields

The Soviet Union already takes much of Afghanistan's natural gas, from fields linked directly into the Soviet pipeline network, according lowed a rare two-week visit to see to diplomats. Afghan officials estimated Soviet imports of Afghan since the People's Democratic Par-ty scized power in 1978. goods last year at \$382 million, which is almost three-quarters of all exported Afghan goods.

These economic ties are supple mented by visits by Soviet Uzbeks, Turkmans and other officials and clergy from the central Asian Soviet republics."

With at least a third of Afghanistan's population in exile, and much of the rest concentrated in Najibullah's government, Soviet influence remains circumscribed to

Kabul talk of Soviet "colonization" of Afghanistan, others note that "you can't colonize a place you don't control, and the Soviets don't control Afghanistan."

They also note occasionally candid expressions of frustration at dealing with an inexperienced, un-

stable Afghan government. "It's all Middle Ages," an East European was quoted as saying in a percent of the students. But 60 per- unguarded moment. "We just sink money in."

Some Afghans mirror those sentiments. They say the Soviet Union has done nothing but create "a

Despise such outbursts of dismay, expressions of pride also are heard among those who benefit

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# U.S. Aid Bills Linked to Kenyan Human Rights

By Blaine Harden Washington Par Service

WASHINGTON --- Responding guage to their 1987 foreign aid bills the most stable in Africa.

that links future U.S. assistance to on the continent, it is sub-Saharan Africa's second largest recipient of

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improvement in Kenya's human cline of freedom of political express a cut in military aid, but says that nights record. sioo in Kenya, intolerance of the United States will "encourage It is the first time Congress has elements of society critical of gov- the government of Kenya through to reports that political dissidents raised human rights concerns in ernment policies, increased deten- all available means to reaffirm its have been tortured in Kenya, the legislation concerning Kenya, a tions for political views and reports commitment to our shared demo-House and Senate have added lan- pro-Western country that is one of of mistreatment of prisoners could cratic values and freedoms."

ultimately jeopardize relations" be-As one of the closest U.S. allies tween the countries. The House bill says that \$38 mil-

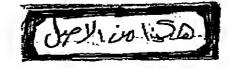
lion in proposed military assistance denied the reports of police torture Africa's second largest recipient of non m proposed minitary assistance denied the reports of police torture U.S. assistance, about \$53 million next year "shall bear a relation to when they were published in this year. Under a defense agree-the government of Kenya taking March, with President Daniel arap

Indian Ocean ports. But, according to the House For- the Senate Foreign Relations Com- has announced a cleanup of its aaeign Affairs Committee, "The de mittee does not explicitly threaten tional police force.

of mistreatment of prisoners could cratic values and freedoms,"

The foreign aid authorization is to be voted on this summer.

The Kenyan government angrily ins year. Under a tracter again significant steps toward improving Moi denoancing them as the "dirty areas to Kenyan airports and human rights conditions." Words" of foreign iournalists, Rewords" of foreign journalists. Re-



Francis Nkhoma, a former gen-

ter, Cosmas Chibanda, and had re-

Zambia and Michael Mwape as the day.

The president said that he had forcement of price controls had dismissed the home allairs minis- rampaged Tuesday through the northern town of Kitwe, wrecking placed him with the state security shops and assaulting a policeman. Residents in Kitwe and in the

couraged by the ruling United National Independence Party, ateral manager of Barclays Bank tacked stores that were refusing to 20, are receiving from two to five PLC in Zambia, was appointed lower their prices in line with Mr. years of Soviet education. bead of a new Export-Import Kaunda's new economic policy.

chief, Paul Malukatila Mr. Kaunda also said be had copper-mining region's administra-dismissed Kwaleyla Lamaswala as tive capital, Ndola, said all busideputy governor of the Bank of nesses remained closed Wednesbank's general manager because the two had failed him. The riots began when youths, en-

# SCIENCE

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written descriptions of their monu-mental achievement. According to Paul Needham, curator of printed books and bindings at the Morgan (which owns three Gutenberg Bibles), no one knows what Gutenberg's printing press looked like. But Dr. Needham and the cyclotron team at Davis have learned a great deal about how Gutenberg and his associates worked and what materials they used.

Directing the cyclotron analyses of old documents is Thomas A. Cahill, bead of the Crocker Nuclear Laboratory at Davis. "One of the

Cahill said in an interview, "was all of them as superb. The left and

\_\_\_\_\_

New York Times Service that Gutenberg's genius extended right margins of each of the two to the formulation of inks as well as columns on each page are perfectly I four centuries ago is cloaked in the development of movable type. squared off, and Gutenberg avoidobscurity, but with the help of the Other printers of the late 15th cen- ed byphenation by inconspicuously tury and printers even today tend squeezing his type or spacing it. Scholarly detective work has as-

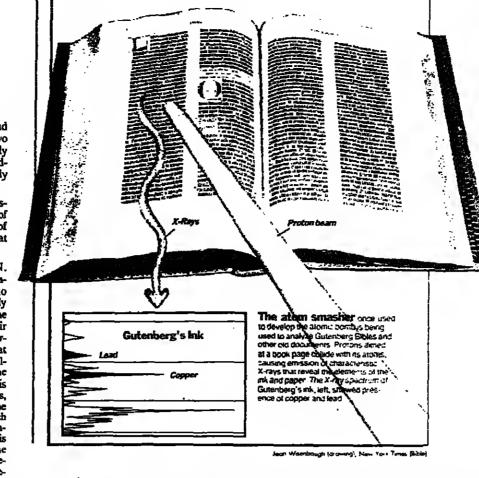
certained that 158 to 180 copies of the 42-line Bible were printed, of which 48 survive, each valued at Dr. Cahill and Richard N.

Schwab, a history professor at Davis, began applying the cyclotron to historical problems in the early 1980s as an outgrowth of the Crocker Laboratory's work on air pollution. The cyclotron accelerates a narrow beam of protons that pierces a sample, and protons col-lide with some of the atoms in the sample along the way. When this happens the atoms emit X-rays, whose varying energies match the specific types of atoms from which they were emitted. A detector measures these energies, and with this data a computer can determine the types and quantities of the elements present in the substance being studied

Dr. Cahill believes the high levels Only the heavier elements can be of copper and lead in Gutenberg's inque, particle induced X-ray emisinks account for the fact that the printing in his books remains as sion, cannot analyze the chemistry fresh, glossy and black as it was of a sample, Dr. Cahill said. But for when it came off his press. Bibliog-raphers regard the Gutenberg Biexamining rare documents the technique offers two valuable feable, printed between 1454 and 1456, as one of the most perfectly tures: the proton beam is too attenuated to damage the sample, and the X-rays emitted by the sample printed books, rarely matched in quality even in modern times.

provide a distinctive atomic signa-ture to aid in identifying the sub-Gutenberg's most famous work stance. is his "42-line Bible," so called be-

cause nearly every column of type



compounded their inks according measured this way, and the tech- copies of the 18th-century encyclopedia published in France by Denis Diderot. Cahill made some tests with the cyclotron beam and soon realized that the atomic compositions it revealed could easily distinguish differences between seemingly identical inks and papers.

> The analysis of Gutenberg documents required still subtler techniques, Dr. Cahill said. Although the signatures of Gutenberg inks

The use of the cyclotron as an depend on their copper and lead most remarkable things we discov-in its 1,286 pages is 42 lines long. interpreter of history began when content, the quantities of these and clates were able to reconstruct Gu-ered in our five-year study," Dr. Experts regard the workmanship in Dr. Schwab told Dr. Cahill of other metals varied appreciably tenberg's manufacturing process but there are a few exceptions.

problems he had encountered in from one batch of ink to another, step by step. "There were times berg's press creaking." he said.

been sloppy in their measuring. Similarly, the cyclotron can detect differences among the atomic sig-natures of various batches of paper (often bearing different watermarks) that Gutenberg used. A sin-gle Bible often contains pages from several different batches of paper that were printed at separate times. By calculating bow various inks ly right. and papers were combined in each

volume, Dr. Cahill and his asso-

Guienberg's workshop was much more sophisticated than many scholars had supposed, he said. The shop evidenily employed a team of typescuers, all working simulta-neously on separate batches of pages, carefully calculating space and text to make certain the assembled volume would come out exact-

ciates were able to reconstruct Gu- nons fit together almost seamlessly,

This led to the realization that

These separately composed sec-

sity of Queensland in Brisbane, between 50 and 98 percent of the koalas are infected with parrot fever hacteria, which causes blindness, infertility and infections of the hladder and lungs. Infertility poses a special hazard to the survival of the marsupials

because their population is dwindling.



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thans "Useful' Modes of Thinking Contribute to Prejudice

By Daniel Goleman New York Times Service TN seeking to understand the te-L nacity of prejudice, researchers are turning away from such extreme racism as that exhibited by members of the Ku Khux Klan to examine the pernicious stereotypes among people who do not consider themselves prejudiced.

A troubling aspect of the prob-lem, they find, is that many stereotypes seem to be helpful in organizing perceptions of the world. One finding is that people tend to seek and remember situations that reinforce stcreotypes, while avoiding those that do not.

Another troubling conclusion of the research is that simply putting people of different races together does not necessarily climinate prej-udice. For example, Walter Ste-

a later repudiation of that earlier attraction

movable type.

Often the attraction occurs in confirming childhood or adolescence, according to Dr. Ostow. The child becomes fascinated by strangers, particularly by people in a group other tlian that of his own family. At the same time, though, the child may experience this as a betrayal of his family. The child then pulls back from the fascination, often after a rebuil or disappointment, or when

he feels guilt at betraying his family. When the attraction happens later in life, the turning point is often rejection by a lover. "The prejudice that forms symbolizes a loyalty to home and its

In a study of a recently desegregated school, Janet Schofield, a psychologist at the University of Pittsburgh, found that many of the values," said Dr. Ostow. "But it is built on a deep ambivalence." black students thought the whites dered themselves

the prejudiced person was attracted types, both innocent and destruc- hy the psychologists Samuel "People who believe they are un-to the other group. The prejudice is tive, is a result of the pervasive role Gaertner of the University of Dela- prejudiced will act with bias in of categorization in mental life. ware and John Dovidio of Colgate some situations, but give some oth-And the stereotypes tend to be self University.

Many national surveys bave shown, for example, that the racial attitudes of whites have become "It is hard to change people's preconceptions once they are es-tablished," said Dr. Stephan, who markedly more tolerant over the last 40 years. But other research is one of those doing the new resuggest that "although the oldsearch. "Even if you present people fashioned, 'redneck' form of bigotwith evidence that disconfirms ry is less prevalent, prejudice con-tinues to exist in more subtle, more their stereotypes - an emotionally open and warm Englishman, say, who breaks your image of the cold, indirect forms," Dr. Gaertner and reserved English — they will find ways to deny the evidence. They can say, "He's unusual," or, "It's just that he's been drinking."

er, rational reason to justify the prejudiced act," Dr. Gaertner said

in an interview.

black applicants than white ones for a hypothetical job, though the applicants' qualifications were identical

Some experts say social or hisan interview. According to research by John prejudice. Thus in the Southwest, McConahay, a psychologist at negative stereotypes of Hispanic Duke University, this more subtle people fit traits often ascribed to form of prejudice is marked by ambivalence and exhibits itself most panic people held for decades. often in amhiguous situations "America is full of realities from where racism does not seem to be at 350 years of discrimination against-

# Hold on to your memories.

# **IN BRIEF**

### The Snail Darter Strikes Again

BENTON, Tennessee (AP) - The three-inch snail darter, notorious for holding up a Tennessee (AP) — The three-inch shall darler, holdroous for holding up a Tennessee Valley Authority dam project, has added six months to the construction of a Hiwassee River bridge, officials say. Controversy over the brown and black fish balted completion of TVA's Tellico Dam for six years beginning in 1973. The darter, once found only on the Little Tennessee River where Tellico Dam is located, was trans-planted to the Hiwassee River nearby to allow for completion in 1979 of the multimillion dollar dam. Construction time for the Hiwassee River bridge in east Tennessee's Polk County was extended to 24 months so the river would not be disturbed by workmen and equipment during the darters' egg-laying cycle in late April.

### More Evidence of Earth Collision

NEW YORK (NYT) - Geologists have found strong new evidence to support the theory that a huge asteroid or comet collided with the Earth 65 million years ago and could have been responsible for mass extinctions of life, including the demise of the dinosaurs.

In a report in the journal Science, the geologists said that microscopic particles of quartz found in 65-million-year-old sediments around the world contained structural cracks associated with a single cataclysmic impact. The fracture patterns in the quartz, they said, appeared to rule out an alternative theory involving widespread volcanic eruptions as a cause of the extinctions.

The scientists said the "shocked quartz" crystals were found in eight widely separated places, from Europe to New Zealand, indicating a global phenomenon.

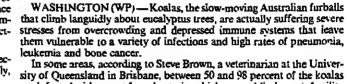
### Chocolate Linked to Heartburn

CHICAGO (UPI) - Chocolate-lovers may be distressed by a new study that found the object of their affection, the renowned confectionary cure for heartache, is also a primary cause of heartburn.

Researchers at a meeting of digestive disease specialists also warned that a sweetener found in many fruit juices and sugar-free candies may romote intestinal distress in children. In people already prone to acid indigestion, even a few tablespoons of cbocolate can induce the familiar irritation of the esopbagus also known as heartburn, reported Dr. Donald Castell, chairman of gastrology at Bowman Gray School of Medicine. Winston-Salem. North Carolina.

People with chronic heartburn problems, which includes about 10 percent of the population, thus should probably avoid chocolate altogeth-er, Dr. Castell reluctantly advised.

### Koalas Suffer From Severe Stress



distinguishing fake from genuine Gutenberg's workers evidently when we could almost hear Gutento a general recipe but may have

Page 7

phan, a psychologist at the Univer-sity of Delaware, found in a review alytic view to a cognitive one, in of 18 studies of the effects of school which most prejudice is seen as the desegregation that interracial hos-tilities rose more often than they decreased at desegregated schools.

Overt, admitted bigotry is on the decline, studies indicate. Yet they reveal that a more subtle form of prejudice, in which people disavow

Such people justify prejudiced actions or attitudes with what they believe are rational, non-racist explanations. To those who have felt the sting of racial discrimination, the phenomenon is well known. An employer, for instance, may reject a black joh applicant, ostensibly not because of his race but because the employer says he believes the person's education and experience are not quite right. Yet a white applicant with the same qualifications is hired.

Part of the difficulty in eradicating prejudice, even in those who intellectually see it as wrong, stems from its deep emotional roots. The emotions of prejudice are formed early in childhood, while the beliefs that are used to justify it come later," said Thomas Petticome later, said internet grew, a psychologist at the Univer-sity of California at Santa Cruz-"Later in life, you may want to change your prejudice, but it is far easier to change your intellectual beliefs than your deep feelings."

Psychoanalytic theories, ton, point to the importance of childhood experience. "We distinguish between the familiar and the strange early in infancy," said Mortimer Ostow, a psychoanalyst and professor of pastoral psychiatry at the Jewish Theological Seminary in New York. Then in childhood, when we join groups, we learn to draw boundaries between us and them. By adolescence the group identity becomes even more important, and out-groups become the place to deposit our own faults."

The classic psychoanalytic htera-ture on prejudice notes that a person's own sense of insecurity is ofion reflected in the need to find an out-group to despise, with the person's most loathed personality characteristics pushed onto some-one else - thus, the "filthy" Jews or blacks, or Italians or whites. New work is adding to the theories.

Dr. Ostow and other psychoanalysts have studied people in treatment who explored their own anti-Semitic prejudices. "The inner dynamics are surprising," said Dr. Ostow. "We find that there almost wave was a time in the past when

Much of the recent work on prej-When white students offered help to black students, the blacks often sputned the offers, seeing them as a confirmation of the attitudes they

gorize one another. THE new explorations of the cognitive role of stereorypes find them to be a distortion of a process that being additional of the whiles. And research by David Hamil-ton, a psychologist at the Universi-ty of California at Santa Barbara, shows that people tend to seek and formember information that conprejudice, in which people disavow them to be a distortion of a process remember but nevertheless act that helps people order their per-with prejudice in some situations, is not declining. Such people justify prejudiced such as the people into categories is one.

"We all need to categorize in were warm and friendly. And if, for order to make our way through the example, white people avoid black world," said Myron Rothbart, a people, there is little opportunity psychologist at the University of for receiving information that Oregon. "And that is where the problem begins: We see the catego-ry and not the person." The tenacity of people's stereo-

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INTERNATIONAL HERALD TRIBUNE, THURSDAY, MAY 14, 1987

Page 8

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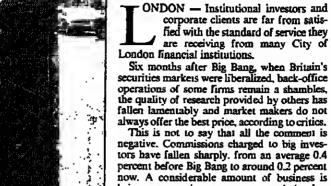
Thursday, May 14, 1987

International Herald Tribune Special Financial Report **Banking in London** 



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being transacted on a net noncommission basis. Much larger block trades are possible and many fund managers took advantage of the cheaper dealing costs immediately after Big Bang to restructure their portfolios.

By Janet Porter

Likewise, corporate treasurers are being wooed with all sorts of new financial products and acquisition proposals from investment houses hungry for their husiness,

Nevertheless, reservations and mispivings about the new-style financial markets persist. During the hectic years before Big Bang, there was so much pressure on banks, stockbrokers, stockjohbers and other financial institutions to merge with the right partners, recruit new staff, install electronic trading systems and find suitable premises that little attention was given by many to what is arguably the most important area of all - the demands of the customer.

Since October, the pressure has switched to earnings and the need to start showing a swift return on their huge investments, forcing many firms that have never before had to cope with deregulated markets to cut back wherever possible in order to stay afloat. But this short-term approach looks certain to be disastrous in the nger term, as powerful customers become disenchanted and take their husiness elsewhere,

Although the widely anticipated bloodbath has not yet happened, largely because of booming stock markets, many securities and investment houses are struggling to survive in a markeiplace described hy participants as "bru-

The large increase in equity turnover in recent months, helped by the post-Big Bang boom in portfolio restructurings and overseas demand for pound-denominated securities, has certainly made the transition easier. Trad-

JANET PORTER is the European bureau chief for the Journal of Commerce.

New products and prospects abound, but the competition is 'brutal.'

Big Bang Fallout

ing skills probably will not be fully tested until the arrival of a bear markes - something many players on both sides of the marketplace have never experienced.

So far, there has only been one casualty Midland Montagu, the investment and securi-ties arm of Midland Bank, closed down the equity market-making operations of Greenwell Montagu Securities in March after suffering trading losses of £6 million (about \$10 million).

While no other firm has, as yet, taken such a drastic step as Midland. a shakeout is nevertheless occurring.

A number of houses are reducing the range of stocks in which they will make a market and some have already withdrawn from whole industry sectors. In the British government securities (gilts) market. only about a dozen of the 27 approved primary dealers are really active, with the rest having just a tiny share of the business.

Some of the United Kingdom's biggest fund managers say they have already stopped deal-ing with certain institutions where conflicts of interest were suspected. In-house analysts in several firms are known to pass on, huy or sell recommendations to their market-making departments some days before sending out circulars to their institutional clients.

"There are certain to be more casualties unless clients are prepared to put up with a third-rate service," said David Malcolm, chief investment manager at Royal Insurance, one of Britain's top insurance companies with an investment portfolio of about £9 hillion.

He says he is unhappy with a number of aspects of Big Bang, notably serious óelays in the completion of back-office paperwork and falling standards of research.

These views are shared by Mick Newmarch, chief executive of Prudential Portfolio Managers Ltd., a subsidiary of Britain's largest insti-tutional investor, Prudential Corporation.

Continued on page 10

# Gilts Soaring, Buoyed by Confidence in Conservatives' Prospects

. . .

### By Kevin Muchring

ONDON — It is hardly surprising that a talk on the Brinsh government debt market during a recent conference here focused almost entirely on the re-election prospects of Prime Minister Margaret Thatcher's Conservative Party in the elections set for June 11.

In the first two months after last October's Big Bang, when dual-capacity trading and the elimination of fixed commissions swept away the old system and ushered in a restructured government debt, or gilt-edged market, slack retail demand and uncertainties over sterling translated into lackluster demand and trading volumes. Most of the primary players turned in losses and a few had already accumulated

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**KEVIN MUEHRING** is a contributing editor Institutional Investor magazine

substantial losses in a pre-Big Bang enphoria for market share. But since the turn of the year, volume has

soared, nearly trebling to an average turnover of £3.5 billion (\$5.77 billion) a day, according to Bank of England statistics. The upswing in trading volumes enabled most of the firms to eke out a modest rise in profitability. And it was almost entirely premised on growing investor confidence that the Conservatives will be returned to power.

Despite widely anticipated bloodbaths in the newly revamped gilt-edged market, none of the 27 designated primary market makers in the market has dropped out — yet. The pundits are still betting the store that a shakeout among the 27 will tarn 1987 into a make-orbreak year for many firms.

In the U.S. Treasury market, for instance, there are only a handful more dealers - about 35 institutions in the primary end of the market - but they are dealing in a market with five times the size and 20 to 30 times the trading volume. There is more than \$1 trillion out-

Volume is crucial to profitability, and winning market share has been the dominant strategic attack.

TechLL: SANGWICHES . RO

AT TAXT. ALAN SERVICE

standing in the U.S. Treasury market, while gilts amount to less than \$200 million; \$100 billion to \$150 billion worth of Treasuries can change hands in a single day in New York. compared to the equivalent \$5.5 billion or so of gilts in London.

A survey conducted among British institu-tional investors in January by the agency-broker Capel-Cure Meyers showed that nearly half believed that fewer than 15 of the 27

primary market makers would survive the first three years of competition.

It is enough to make a logical mind question why anyone would so willingly enter such a doom-laden scenario. But many firms feel they have no choice.

In the race to be a major first-tier player in what is seen as a developing global capital market, the need to service a previously sheltered domestic client base, much less to win a

slice of the international institutional client with a combined capitalization of £600 hillion, hase, means that the financial firms must ex-14 of which are either American or Swiss and tend their capabilities to each of the main financial markets.

Gilts are at the heart of the London market and London is one of the three key financial hubs in the global marketplace.

The major international financial intermediaries are also increasingly arhitraging the inter-est rate differentials among the big three freely traded government debt markets through the use of the more sophisticated financial engineering of the last few years. Synthetic instruments can be created that offer higher yields.

Previously, the gilts market was structured around the Bank of England's direct dealing with a half dozen jobbing or trading firms, dominated in fact hy just two johbers, with a combined capital of £100 million, who sold the government gilts onto the stockhrokers who had access to the largely British-based institu-

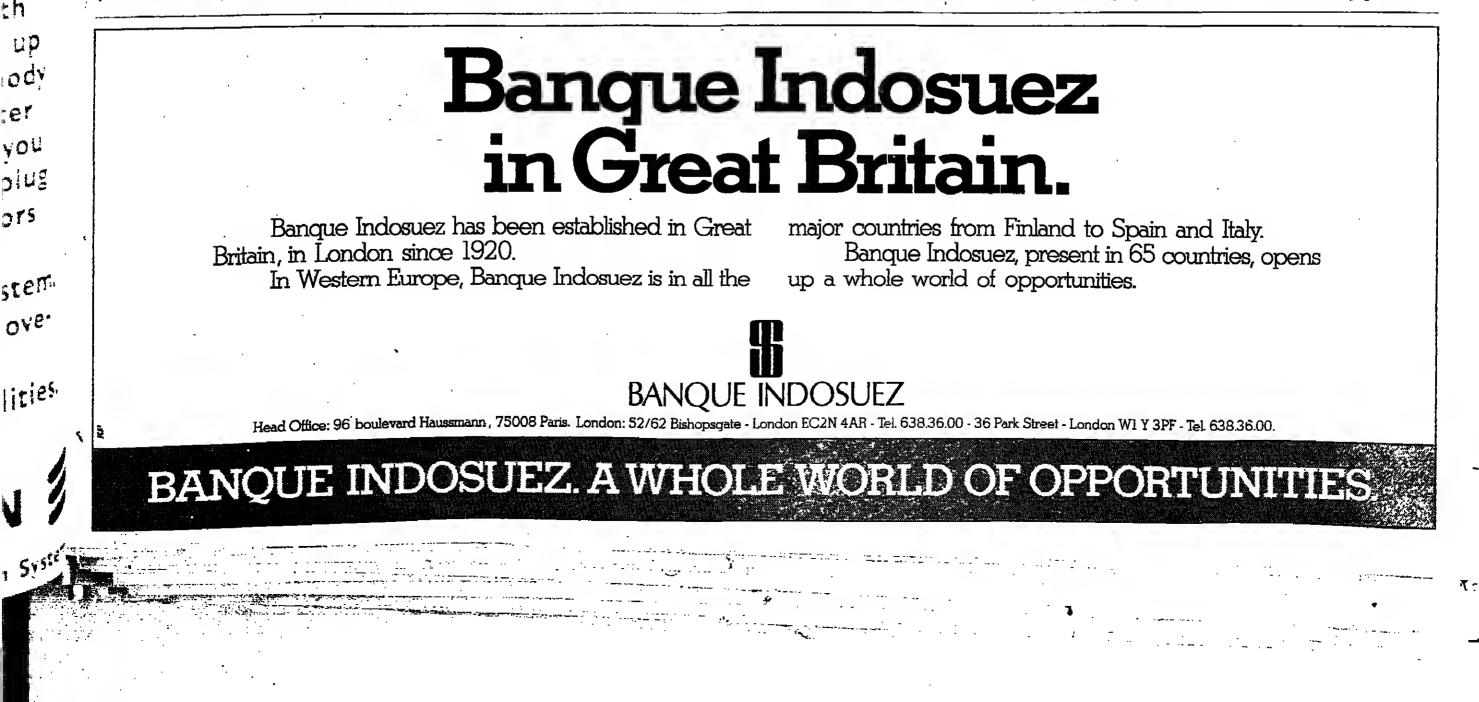
tional client hase. Since Big Bang, the Bank of England deals directly with 27 dual-capacity market makers

14 of which are either American or Swiss and Canadian owned. Six interdealer brokers. taking 1/128th percentage point on each turn, are adding liquidity to the market by increasing the volume of intraprofessional trading. In exchange for direct access to the Bank of England and the issuance of British deht securitics, the 27 primary players are committed to continuous two-way market-making in fair or foul markets.

This month, further changes were made in the structure of the market. The Bank of England launched a limited auction system to supplement its present "tap" system of issuing government deht in which £1 hillion of shortdated gilts were auctioned. Larger auctions of medium- and long-term bonds will be offered later in the year.

The Bank of England stresses that the auction will be limited, not neccesarily to replace the tap system but to supplement it, in the

Continued on page 12



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### INTERNATIONAL HERALD TRIBUNE, THURSDAY, MAY 14, 1987

Sinking Under a Sea of Paper

# **Pressure Grows on Bankers, Brokers to Clean Up Their Back Offices**

### By Fianmetta Rocco

- ONDON -- The success of the new City conglomerates that have spent millions building vast new dealing rooms to take on the challenge of global equity trading is being threatened not only by the competitive challenge of New York and Tokyo, but by a danger that is much closer to home. This is the growing pressure on the back office to ensure that each order for each security is digested, invoiced, cleared, paid for and delivered

At its best, an efficient back office settlement system should perform all these tasks on time and with perfect reliability. The reality six months after Big Bang is far from this ideal. And banks and brokers are worried that, unless they get their back offices straightened out soon, the heavy investments they have made in the new front office electronic dealing rooms will be lost.

The pressure now facing back offices is be-ing applied from several fronts. Historically, the settlements end of a broking partnership was always treated as the poor relation of the fee-earning side. As a result, investment in new systems was insufficient and staff in those departments always poorly paid.

But the increased competition engendered by the start-up of net trading and the abolition of fixed commissions has forced firms to streamline their administration systems. Some of the software for this technology was import-ed from the United States, but there was little time to adapt it properly to the British market. or to firms' specific needs.

Moreover, these changes came at a time when trading volumes were at an all-time high and increasing every week, prompted in part by the Conservative government's privatiza-tion program and its championing of share ownership.

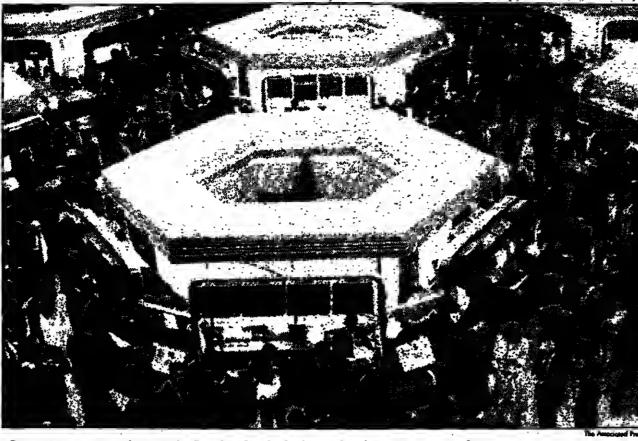
Three times as many people owned shares in 1986 than when Prime Minister Margaret Thatcher came to power in 1979, and the stock exchange now processes about 40,000 trades a day, compared with just over half that a year

Furthermore, each major privatization in-creases trading volumes by 25 percent over the

Buy and sell orders of British shares are then entered onto the dealing firm's computer tapes that are deposited every evening into the stock exchange's Talisman computer system, where they are matched against the counterparty's

Before being transferred to their new owners, these shares are gathered together within SEPON, the stock exchange's nominee account, which acts as a pool from which stock is delivered to the registrar. Invoicing and payment collection in most cases is done by the firms themselves.

Dealing firms had four types of computerized settlements procedures to choose from when preparing for Big Bang. They could rewrite their own software from scratch, buy packaged software from a specialist firm, use



Since Big Bang, trading on the London Stock Exchange has been computerized.

The stock exchange now processes about 40,000 trades a The infrastructure for trading, when it works, is relatively simple, if detailed. Securi-ties dealers date-stamp trades as they are done. With inset or per with just over half that a year ago.

> the services of a settlements bureau for billing and paying clients and for clearing securities, or go to one of the two all-in clearing firms that perform all these functions.

All of these options have suffered from strain since the day of Big Bang, Oct. 27. Most firms opted for a combination of buying software and having it tailor-made for their internal administration as well as using a settlements bureau for matching bargains and entering them into the Talisman system.



Working behind the scenes in electronic security trading.

The closure of National Westminster Bank's Center-file settlements bureau last September forced 19 brokers and jobbers to make new arrangements and vastly increased the pressure on the bigger of the two remaining firms, NMW Computers, which now clears 40 percent to 50 percent of stock exchange trades each day.

NMW chose to change over to a new hardware system around the time of Big Bang, but, according to several players in the market, their system becomes overloaded several times a week and their input into the Talisman computer is up to three hours late two days out of

Even more severe problems exist within the



Traders and dealers look at empty screens during a computer breakdown.

firms themselves. Most of those that opted for developing a more extensive in-house network developing a more extensive in-more normal tinned to a small but growing software house. Consultants (Computer & Financial) (CCF). However, many put in their software orders very late and have since been dissatisfied with the service they have received.

One major British cleaning bank, which ought a slockbroker as part of its investment for the post-Big Bang era, says it has counted 123 design faults since October in the system CCF installed. As a result, this bank has had to double its staff in the settlements department and it is still operating a round-the-clock schedule seven days a week to clear the back-

Among the problems this bank and other dealers are facing are unreconciled deals where there may be a boyer but no seller, trades that do not match either in price or size, lost transactions, buy orders that are misquoted as sales or vice versa, and mismatched accounting.

"It's a real mess," said a settlements director for one of the major brokers.

in recent weeks, some dealers have been so keen to keep the worst of the situation from their clients that they will pay clients selling shares out of the firm's own account instead of waiting to receive the remittance owed to them from on-selling those shares.

Known in the trade as a "fail" or a "break," this out-of-pocket payment would normally be expected on fewer than 5 percent of trades.

"We're seeing fail rates of more than 15 percent," said the director of one of the major clearing banks.

None of the firms reported to be in trouble would confirm their difficulties. Nonetheless, Kleinwort Grieveson, one of the biggest players in the market with a much publicized personal share dealing service, was forced first to raise its charges from £12 (\$20) to £18 per action and then close the service altogeth-

Those that insist that the pessimists are doing no more than spreading doom and gloom about the gravity of the settlements problem in the City need only look back to the difficulties that New York dealing houses faced after deregulation there in May 1975 and the paperwork panic during the go-go years in the late 1960s.

Thea, galloping volumes and weak systems forced the stock exchange to close one day a week for several months in order to clear the settlements backlog, and two major firms, unable to get over the problem, closed for good.

FLAMMETTA ROCCO is a financial journalist based in London. Her article, "The Peril in the Back Office," which appeared in the June

1986 issue of the Institutional Investor, was part of a series on the City that won the Overseas Press Club's Morton Frank award last month. **Glitches Dull Front-Office Glitter** 

This announcement appears as a matter of record only.

Continued from page 9

\$30 billion.

New Issue

30th March, 1987

### CHRISTIANIA BANK CHRISTIANIA BANK OG KREDITKASSE

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"greatly concerned" by the back-office prob-lens being experienced by many broker-deal-ers. He remarked on the "discernible deterioration in the general quality of research since October 27." He also strongly criticized brokers' research efforts for paying scant regard to the real needs of clients, with too much emphasis placed on the alpha stocks and too bittle effort put behind the internationalization of rescarch

He told a recent conference that he was

Fund managers are retaliating by transact-ing a far greater share of business on an agency basis, happy to pay commissions to those bro-kers offering the best service. In the weeks immediately after Big Bang,

institutional investors were mostly dealing on a net basis directly with market makers. Royal Insurance estimates that this accounted for about 60 percent of its equity trading late last

However, as it became apparent that this was not always the most effective or efficient way of trading, Royal's fund managers started to do more business through brokers again. Now about 75 percent of equity trading is conducted on an agency basis, according to Mr. Maleolm

Corporate treasurers are equally critical of the advice they receive from some investment banks. One of Britain's biggest industrial con-cerns spoke of being "bombarded" with fund-raising proposals by bankers who have "no real understanding of our needs."

Others complain of the short-term horizons of those working in the City and the widely divergent objectives between financial institutions that can profit most from volarile mar-kets and industry that needs market stability. Many of the complaints are fully justified, enfor bankers concede. And there are already clear signs that the emerging heavyweights are those investment and securities houses paying the closest attention to what their customers have to say.

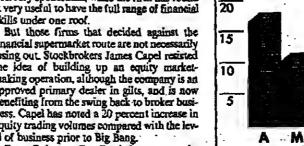
"We take our research capability very seriously - we would never try to pull a fast one on our clients," says Mercury International, the group that encompasses the merchant bank S.G. Warburg and Warburg Securities, formed from the merger of three top Stock Exchange firms - Akroyd & Smithers, Rowe & Pitman

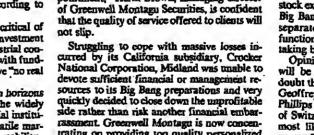
and Mullens & Co. The group is now dominating certain market sectors and gaining clients such as the Euro-tunnel consortium and British Petroleum because of its ability to provide a fully integrated financial capability. "More and more clients are beginning to like

the idea of one-stop shopping," according to a Mercury spokesman, while the firm has found it very useful to have the full range of financial skills under one roof.

inancial supermarket route are not necessarily losing out Stockbrokers James Capel resisted the idea of building up an equity market-making operation, although the company is an approved primary dealer in gilts, and is now benefiting from the swing back to broker busi-ness. Capel has noted a 20 percent increase in contrast of the second se equity trading volumes compared with the lev-el of business prior to Big Bang.

Peter Quinnen, Capel's chairman, says the firm is often able to negotiate a better price than the institutional investors can obtain. As fund managers start to recognize this, they are





more willing to pay commissions for added

While noting that the decision to stop mak-

ing a market in equities was "a major disap-

pointment," Keith Brown, managing director

value service

35

30

25

1986

trating on providing top quality personalized service to corporate customers and believes sat without the market-making operation, clients will be more confident that investment advice is totally unbiased and that every effort will he made to negotiate the best possible

As other houses, in a less dramatic fashion, follow in Midland's footsteps and run down loss-making operations and focus on those areas where they are strongest, the polarization will become increasingly pronounced.

The Trading Boom

ordinary shares in billions of pounds.

Volume of turnover for U.K. and Ireland of

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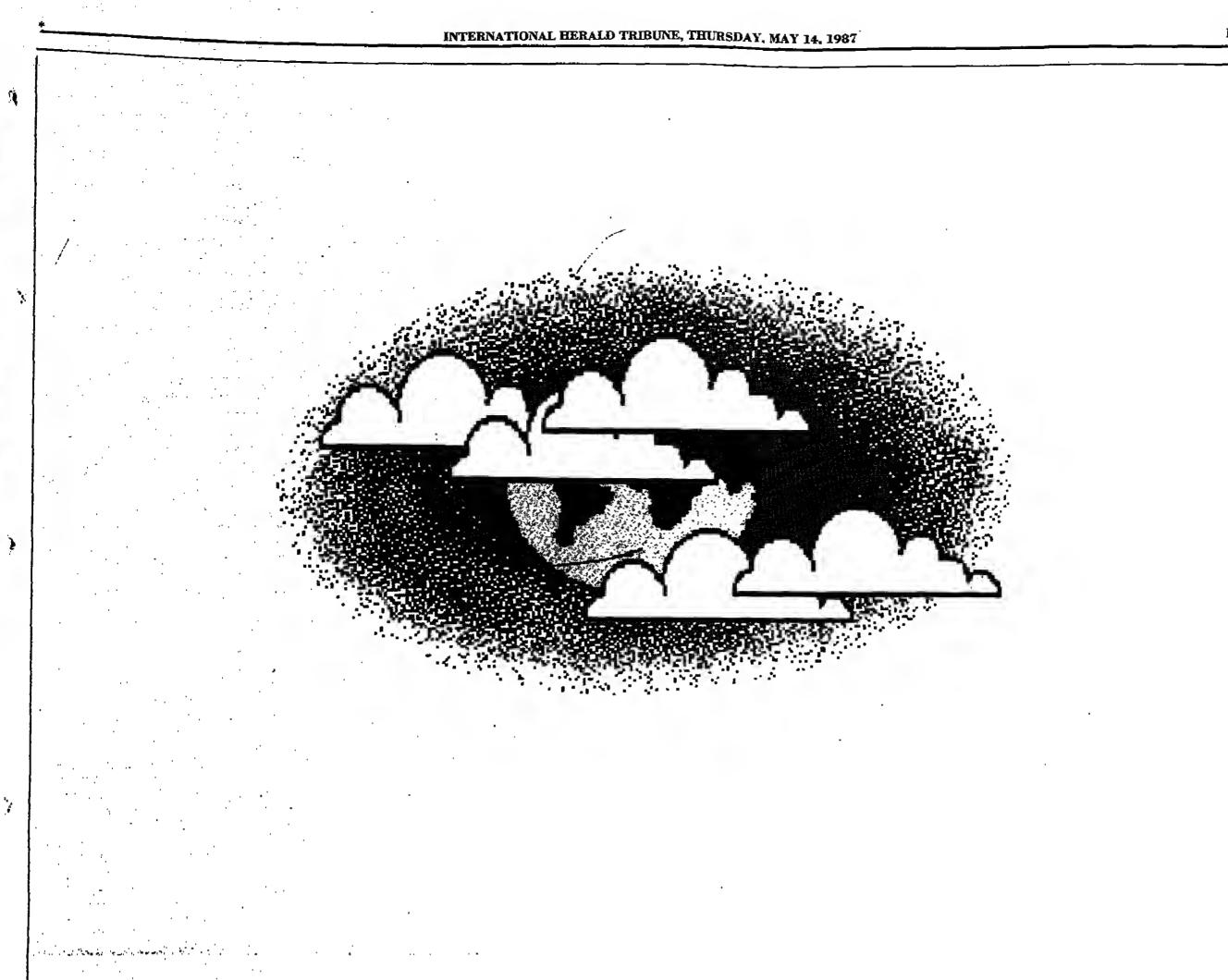
1987

Most participants expect London's securities market to gradually evolve along similar lines to New York's and Tokyo's. About half a dozen major players are emerging in particular sectors - not so very different from the way stock exchange business was transacted before Big Bang, when single capacity requirements separated stockbroking and stockjobbing functions and prevented one firm from under-

taking both types of business. Opinion is divided on whether this process will be quick or gradual, but there is little doubt that a thinning-out process is inevitable. Geoffrey Redman-Brown, senior director at Phillips & Drew, a subsidiary of Union Bank of Switzerland, reckons that the survivors are most likely to be those concerns that have successfully invested resources in all four vital areas - people, technology, office space and capital.

But a final note of caution is sounded by Gordon Pepper, senior adviser to Midland Montagu. He believes that for the last few months London has been in a phony-war period. Neither the U.S. nor the Japanese securities houses have started to compete properly yet, he says, but it is probably only a matter of time before they adopt a higher profile. That is when the war will really start, he adds.





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Page 11

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### TOWARDS - 2000 -

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Technology and the Rules

# **Eurobond Dealers Reject Screen Trading**

Special to the IHT ONDON -On Tuesday, the Association of International Bond Dealers (AIBD) announced that it had withdrawn plans to introduce a screen trading system for the Euro-bond market for the time being. Opposi-tion from the market's leading players who feared that if they freely displayed their prices their smaller competitors would feed off their business - had proved overwhelming and the issue had threatened to completely dominate proceedings at the AIBD's annual general meeting in Oslo DOXI WOOK

But the central problem will not g away. The AIBD wants the status of a recognized exchange under the framework of Britain's new Financial Services Act, and the Securities and Investments Board, the regulatory overseer of the network of self-regulatory organizations in the Loa-don financial markets that will be fully operative with its powers later this year, has made it clear that price transparity will be its main criteria in assessing how institu-tional markets are serving investors.

The AIBD has already set up a system of reporting dealers, by which to qualify as a cognized market-maker in Eurobond issues a house has to meet certain criteria in its trading, such as dealing in a specified proportion of costanding issues and post-ing daily prices for them. But the scrapping of the screen trading plan — which for a year has been the subject of a joint feasibil-ity study with the U.S. National Associa-tion of Securities Dealer — could screen the tion of Securities Dealers - could prove a severe setback in the longer term to the association's ambition to regulate itself. There is an irony in these developments,

which are primarily geared to improving the transparency of market prices, the SIB's primary concern in protecting inves-tors in this predominantly institutional market. If Big Bang can be described as the process by which the London stock ex-change poached business from other markets around the world through deregulation, then it was foreshadowed for many years by the growth of the unregulated and truly international Eurobond market, which chose London as its home because of its happy accident of time-zoning and the



Stock exchange officials Sir Nicholas Goodison, right, and Jeffrey Knight, with a computer terminal on Big Bang Day in October.

freedom it offered banks to do business in the market.

To stay in London, the Eurobond market has to be seen to be toeing the regula-tory line. But there are many of its members, notably the Belgisn and Luxembourg banks, which fail to see why they should, especially when their own home markets would be the first to benefit from any exodus from London.

The very idea of complete price trans-parency that screen trading would have implied would be anathema to the Eurobond market, where hage trading volumes are based on price discrepancies and the arbitrage of different credit assessments.

These are issues concerning the way business is done in the Euroboad market that may tax the AIBD. However, there are perhaps more fundamentally important changes occurring in the business itself. First and foremost, the 40 percent decline in the value of the U.S. dollar since the Group of Five agreement and the specter of rising American interest rates has drastically reduced the proportion of dollar fixed-income and floating rate note (FRN)

issues launched in the market. During the first quarter of this year only one-third of international bond issuance was denominated in dollars.

The FRN market has all but collapsed, its sudden demise foreshadowed late last year by a crisis of confidence in perpetual or undated floating rate ootes when Japanese investors (the major holders of perpet-ual ootes along with underwriting houses still carrying them on their books) started selling. Some issues, which like all FRNs are supposedly designed to trade at par value, declined in value by as much as 30

The major sovereign and bank borrowers have now deserted the FRN market as a whole, to the extent that some bankers speculate about a revival of the syndicated onn market, which the FRN replaced in the tidal wave of securitization of recent years. In the first three months of 1987. only \$1.9 billion of new FRN issues have been launched, s mere 4 percent of all new international bond issuance. Last year, Britain alone raised \$6.5 billion in the FRN market

On the other hand, the Euroyen market has been on the rapid ascendant, boosted by the yea's appreciation and the Japanese Ministry of Finance's continuing program of deregulation for the market. A total of \$8.95 billion equivalent of yen-denominaled international bond issues were launched during the first quarter of this year, firmly establishing the yen as the No. 2 Euromar-ket currency behind the dollar, in which a total of \$20.16 billion of issues were launched.

The prime beneficiaries among the Enrobond houses have been the Japanese securities houses. Nomina now sits atop the Eurobond lead management tables, dis-placing Credit Suisse-First Boston, the preeminent Eurobond house of recent years. The other three major international Japanese securities houses -- Daiwa, Yamaichi and Nikko - are all in the top 13. They are now pushing the idea that Euroyen issues should be registered for sale direct into the Tokyo market, avoiding the six-month lock-up period that prevails. Such a development would only serve to reinforce the underwriting strengths of the Japanese

It seems unlikely that all of the Eurobond market's established houses will be able to cope with these changes. Over the past few months a clutch of Eurobond houses have decided to give up marketmaking status in Eurobond instruments in favor of acting only on an agency basis. Others have announced that they were is pulling out of market-making in certain ectors, as with Orion Royal Bank's departure from the FRN market earlier this year. Still others are repositioning themselves to take better advantage of more lucrative developing markets such as that for internationally traded equity stocks.

But the Eurobond market is nothing if not innovative. When Japanese investo ditch the dollar, they look for other highyielding debt instruments to replace it. That has left scope so far this year for prolonged spurts of activity in the Euro-Canadian dollar. Eurosterling and the Euro-Australian dollar sectors, where coupons offer substantial yield pickups for investors over dollar bonds.



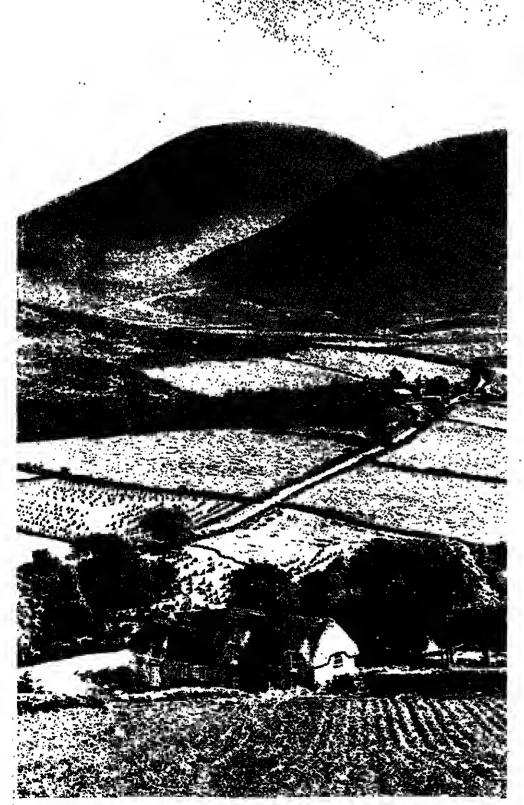


England. It probably conjures up images of green rolling hills. summer holidays at the seaside or perhaps week after week of cold grey rain. I certainly won't call to mind a land of tinancial security and generuus interest rates. And yet that is precisely what the Halifax is uffering.

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Brokers in the City enjoying a champagne hunch after a hectic trading session.

# **Volume Soars on Gilts Market**

### Continued from page 9

hopes of gaining from the best aspects of each. Many feel, however, that it is inevitable that the auction will eventually wholly supplant the tap

The great thing about the tap system is that the British government decides when and at what price an issue of debi is sold into the market. A fixed price is set and tender offers are accepted. Issues are not always wholly allocated at launch, and the unsold portion goes back "on the shelf" and is then trickled out into the secondary market in blocks of varying size on a "up basis" when the Bank of England feels market conditions are ripe.

The drawback is that one market maker with muscle could corner the whole tap, or if the tap is too small, it would be difficult to divvy it out to all 27 market makers. Furthermore, the government can-

not always be sure of a regular source of cash. An auction does not allow the luxury of controlling the price and timing, but at least assures the Treasury the cash will be there. Auctions will also provide the full flavor and benefit to the gover of greater competition among the financial interme ries, namely lower interest costs and a wide distribution of its debt.

The new structure of the market has already produced some benefits to the investor comm Institutional investors say the market is now mo liquid, deals are said to be more efficiently exe and dealing spreads have narrowed. And best of all from the investor point of view, con quickly slashed to ocarly nothing. But at least until the competition is driven out of

the market leaving the strong to survive, wh good for the borrower and investor is not so good for the intermediary. Under the old system, the profits of the brokers came from the fixed commission they charged to their clients to buy the stocks from the jobbers. The jobbers in turn made their money from the modest markup on each turn as they passed the stock on to the brokers and in positi ning their inventories long or short a step ahead of the market, in the new market, commissions are either nil or

uscale, with about 90 percent of the trading on a net basis. Profits for the 27 market makers will now almost entirely come from positioning inventories ahead of interest rate movements or by constructing sophisticated swaps and arbitrage opportunities for their clients.

Volume, then, is crucial to profitability and winning market share has been the dominant strategic attack on the gilts market. U.S. firms benefit from extensive experience in the massive U.S. market, where an auction system may give them the edge if the Bank of England turns more to this system. The American firms are also better versed in arbitrage and risk management than their British competitors.

But the Americans seriously lack a distribution and placement base for the securities. Old client loyaltics have not died, and the mainline British conglomerates, especially Barclays de Zoete Wedd and Mercury International, which swallowed the two jobbing firms that had dominated gilts trading prior to Big Bang, still seem to be holding their own. The makeup of the primary market makers may eventually come down to a dozen or more players,



A jobber taking a break off the floor.

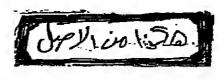
with no more than six to eight firms playing a really dominant role and the remainder taking up niche positions on the fringes of the market, such as in short-dates gilts or index gilts or in servicing a particular segment of the investor pool.

There is a glimmer of light on the otherwise gray and gloomy horizon. The U.S. Treasury man figures suggest that there is ample room for the gilt-edged market makers if they and the big institutional investors simply turn their inventories over at a faster rate. At least half the turnover in the United States is purely among the professional houses and the specialist brokers.

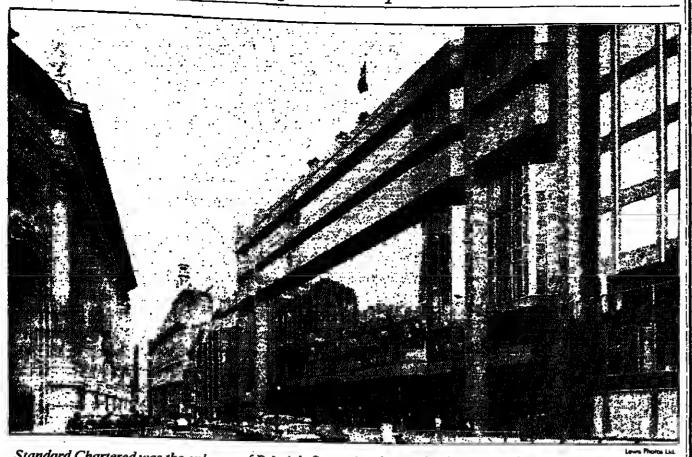
In London, six interdealer brokers, who provide the liquidity in the trading between the primary market makers, will play the same function.

The sophisticated use of options and futures to edge large positions and -or at least so the theory to -- lower the risk, means the market makers can

hold even larger positions and trade even faster. But ultimately, survival will much depend on the continued internationalization of the gilts market. Sterling volatility, largely due to political uncertainnes, has traditionally caused international investors to shy away from the gilts market. But If the Conservatives are returned to office, pent-up international mand, especially among the Japanese anxious to diversify out of the dollar, could well mean that the volumes will indeed soar, broaden the investor base and create room for more of the market makers to -survive, ...



### Mergers and Acquisitions



Standard Chartered was the only one of Britain's five major clearing banks to report lower pretax profit in 1986.

# **Standard Awaits Lloyds Action**

### By Warren Getler

... . . . . . . .

ONDON - The fate of Standard Char-

tered PLC, Britain's fifth largest clearing bank, continues to be the focus of speculation in the City. Having rebuffed a hostile bid from Lloyds Bank PLC last July, Standard may once again come under attack from Lloyds in three month's time following the expiration of a mandatory one-year cooling-off period im-posed under British law, City analysts said.

To bid or not to bid, that is the dilemma for Lloyds. The consensus among analysts in the City is that Lloyds is not going to lunge for Standard immediately after the July 12 cooling-off deadline. Then again, Lloyds might ultimately decide not to bid at all.

There are several reasons for Lloyds taking a cautious line.

First, the Bank of England has been con-ducting an investigation of lending practices at Standard — at the request of Standard's board. The Bank of England, which began its investigation in February, is exploring press allegations that suggest Standard was involved in imprudent lending to the National Bank of Brunei beginning last April, about a week after Lloyds launched its takeover bid,

Standard Chartered has denied all such allegations and insists on having its name cleared by the Bank of England investigation.

whose family owns more than 70 percent of the

National Bank of Bounci. Last November, the Brunei bank was shut down by Brunei anthonities. Officials in both Brunei and Singapore early last year had warned creditor banks, including Standard Chartered, that the Bank of Brunei was under suspicion for questionable accounting prac-

tices. If Standard's credit line to the Bank of Brunci were shown to be directly linked to Mr. Tan Sri Khoo's role in Standard's successful unst Libyds, bi deiense ag say, that could amount to a criminal breach of Britain's Companies Act. Bank of England officials have said that they do not expect to conclude their investigation unul year's end. Sources close to the bank have said privately, however, that they do not expect to discover any illegality, such as a breach of

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the Companies Act, by Standard, Yet, they do not discount the possibility that Standard will be censured for "imprudent" lending to the Bank of Brunei,

If Standard is censured, market sources say, there will be strong pressure on Michael McWilliam, Standard Chartered's managing director, to resign. Mr. McWilliam declined 10 be interviewed.

"Lloyds won't go back for Standard Char-tered until the Bank of England concludes its inquiry," said Alan Broughton, a banking ana-lyst with Greenwell Montagu Securities in London

Mr. Broughton, echoing other analysts, also notes that "the quality of Standard's business" has declined since the Lloyds bid last year,

If no renewed bid from Lloyds materializes, Standard's share price is apt to drop precipitously.

suggesting that Lloyds may in the end not be interested in bidding at all at current Standard share prices.

Standard was the only one of Britain's five major clearing banks to report lower pretax profit in 1986. Standard's profit before tax dropped 5.2 percent to £253.9 million (\$431.7 million) from £267.9 million in 1985.

Whether Lloyds does launch a second bid will depend largely on the price being asked by members of a triumvirate of friendly shareHolmes a Court, with a stake matching that of Sir Y.K. of almost 15 percent. Current market wisdom here is that Lloyds

will have to offer somewhere near £9 a share to obtain the substantial stakes of any one of these three minority shareholders and thereby open the gates to a full takeover. But with Standard's current share price hov-

ering around \$35 pence, just 15 pence below the 850 pence per share cash offer by Lloyds last year, there is considerable doubt whether Lloyds will feet such a price is justified. There is also some doubt that Sir Y.K., a

Standard board member who has been a supporter of Standard's extensive presence in Asia for years, is anxious to see Lloyds obtain control of Standard at any price.

Moreover, speculation has grown that Mr. Holmes à Court has ambitions of his own for Standard, where he also sits as a board director. Australian brokers have been suggesting that the Australian business maverick is out to merge Standard Chartered with Hill Samuet, the British merchant bank, in which he has also acquired a substantial minority stake. How he would arrange the seemingly awkward marriage is anybody's guess, In the end, if no renewed bid from Lloyds

materializes, Standard's share price is apt to drop precipitously and leave the triumvirate with considerable losses on their Standard investments.

Mr. Broughton, the Greenwell Montagu an alyst, said that the group paid an average 830 pence per share for their stakes in Standard last summer. "The only thing keeping the current price of Standard's shares at such high levels of 830 pence is the continuing speculation that Lloyds will come in and bid at a price higher than what it offered in July 1986," he said.

"But if that doesn't happen, we could see Standard's share price plunge to £7, leaving some heavy paper losses." In the meantime, Standard officials have let

it be known that their chief priority is improving profitability, particularly in Asia, and that they will not allow themselves to be preoccupied with market talk of another takeover bid by Lloyds.

But as one analyst, who asked to remain

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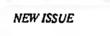
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May: 1987

Page 13

The triumvirate, which came to the defense of Standard last July against predator Lloyds, includes Tan Sri Khoo, who increased his holding in Standard on May 1 to 7.24 percent from 6.2 percent; Sir Y.K. Pao, the Hong Kong entrepreneur believed to control just under 15 percent, and Australian magnate Robert

won't have the option of remaining independent if it cannot generate a higher level of profit."

WARREN GETLER is the International Herald Tribune's staff correspondent in London.

# **Scandals Fail to Stem Takeovers**

### By Jeff Ferry

- ONDON --- The recent series of financial scandals in the City of London, including the Guinness affair, is having a surprisingly small impact on the city's takeover boom, according to the

The City's takenver boom, according to the major players in the market. Figures compiled by the Acquisitions Monthly magazine show that in the first quar-ter of 1987, there were 55 new public bids, compared to 51 in the same period of 1986. However, the total value of the bids, at £2.9 hillion (\$4.9 billion), was substantially less than the comparable figure for 1986, £7.8 bil-

There was a momentary slowdown in activ-"There was a momentary slowdown in activ-ity in December and January, when the Guin-ness scandal first broke," said Philip Healey, editor of Acquisitions Monthly, "but since then, it has picked up. In April alone, there were 30 announced bids." Hostile takeover bids, however, have been much less in evidence. Some investment bank-ere autibute this to their political empirication.

ers attribute this to their political sensitivity. suggesting that there will be an upsurge in hostile bids once the impending general election is past.

Morgan Grenfell, the merchant bank embroiled in the Guinness affair, remains the league leader so far this year, handling 14 bids in the first quarter. In January, three Morgan executives, includ-

ing the chief executive, Christopher Reeves, resigned over the bank's involvement with Guinness. The new chief executive, John Craven, assumed the reins on May 5.

Richard Webb, head of corporate finance at Morgan's since January, foresees little change in the bank's aggressive approach to mergers and acquisitions.

"We have always felt very strongly that we must try our hardest for our clients, and I don't think that will change dramatically," he said. "Perhaps there will be a bit less emphasis on

the star system, and a bit more of a team effort, but it's really only a question of fine tuning."

he added. Mr. Webb said that he did not expect this sound the 1986 year's total takeover activity to equal the 1986 figures, which he said were exceptionally high. "In terms of corporate finance profits, 1986 was an annus mirabilis," he said. "I expect

total foe income to be significantly less this year, widely across the City."

ment banks were making smaller inroads into banks were making summer and the

**Top 5 U.K. Takeovers** 

Fallowing are the five largest takeovers within the United Kingdom, by value, in 1986:

ACQUIRING COMPANY	TARGET	VALUE
Guinness PLC Hanson Trust PLC Habitat Mothercare PLC Vantona Viyella PLC British & Commanwealth PLC	Distillers Co. PLC Imperial Graup PLC British Hame Stores PLC Coats Patons PLC Exco International PLC	£2.7 bil. £2.4 bil. £1.5 bil. £0.73 bil. £0.67 bil.

British merger activity than many had feared a

ar ago. "The Americans do not seem to have been so noticeable so far this year," said Michael Gatenby, head of corporate finance at Charterbouse. Charterbouse captured the No. 2 spot in merger and acquisitions rankings for the first quarter, an achievement that Mr. Gatenby attributed to "a lot of hard work in getting close to the targe, acquisitive companies." Richard Kelly, head of First Boston's Lon-

don mergers and acquisitions group, agreed that American investment banks are taking a gradual approach to the British market. "In the long term," he said, "if you do well

with your clients and prove your expertise, you build up business. We like to think our style lends itself to complementarity with a U.K. merchant bank."

Mr. Kelly cited recent First Boston successes, including working with British merchant bank Samuel Montagu on Argyll Foods' £660 million acquisition of the Safeway supermarket chain, and with Hill Samuel on Beechams' divestiture of its home improvements division. Mr. Kelly said he thought the scandals and

investigations were among the factors hastentear, widely across the City." British bankers said that American invest-والمراجع والمراجع والمتراجع والمتراجع

"Clients are putting a premium on trust. confidence and a long-term commitment from a bank," he said.

Evidence from another Acquisitions Monthty survey suggests that insider trading in London is still going on. A study of price movements in 100 bid target companies during the second half of 1986, in the four weeks before the bids being announced, revealed that in 23 cases, the stock rose by more than 20 percent. Some price movements were as much as 40 10501

"Some of it you can understand as guess-work," Mr. Healey said, "but the rest you can't. These figures show that insider dealing is still flourishing."

A British Department of Trade investigator recently said publicly that he knew of two separate insider dealing "rings." He said one of them had made profits of £10 million. Charges have yet to be announced.

"The Acquisitions Monthly data is very good circumstantial evidence of insider dealing," commented a senior regulatory official who asked not to be identified.

JEFF FERRY, a financial journalist based in London, is a regular contributor to The Washington Post.

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INTERNATIONAL HERALD TRIBUNE, THURSDAY, MAY 14, 1987

Foreign Exchange Market

### POINT OF VIEW

# **Rewards High for Strong of Heart**

### By Ken Ferris

ONDON - The foreign exchange market in London dwarfs other centers around the world - and that includes New York and Tokyo. This dominant position means the City can offer high rewards to banks that are brave enough to speculate in the volatile markets.

The main players in the London market have consolidated their positions through investment in high technology equipment and the high-flying traders who use it. The large volume of funds switched between different currencies provides ample scope for dealers to profit from commissions on corporate business and speculative posi-tions them in the macher tions taken in the market,

The Bank of England has estimated that the average daily foreign exchange turn-over in London is \$90 hillion. That compares with \$50 billion in New York and \$48 billion in Tokyo, according in surveys con-ducted by the Federal Reserve Bank of New York and the Bank of Japan.

The real strength in the London interbank market lies with the large domestic banks. A recent survey by Euromoney magazine shows that Barclays Bank has taken over the top position from Chemical Bank. Close behind are Midland Bank, National Westminster Bank and Citibank.

There are no published figures showing bank earnings from foreign exchange in individual money centers. But London's dominant position in the foreign exchange arena means that each bank does a large proportion of its business - and, therefore, earns a sizable chunk of its foreign exchange profits - in the City.

For banks who make the right calls, the payoffs are considerable. Citicorp, the largest banking group in the United States, accounts for the lion's share of the world currency market. Its earnings from foreign exchange jumped to \$412 million last year from \$358 million in 1985. This represented almost 5 percent of the group's total

Barclays, the largest European bank in the business, also boosted earnings last year to £123 million (\$209 million) from £113 million in 1985. Midland Bank's return jumped to £110 million in 1986 from £80 million the previous year. National Westminster Bank also saw earnings rise sharply to £110 million from £44 million in 1985. At Chemical Bank the increase in foreign exchange revenues was less spectacular, Earnings rose from \$102 million in 1985 to \$103 million last year.

The profits boom follows the decision by most of the major banks in the early 1980s to make a large investment in the equipment and personnel needed to run an increasingly sophisticated and technology-

dependent dealing operation. The foreign exchange business in Lon-don is now firmly driven by interbank trade rather than customer demand. This means that the key component in any bank's trading strategy is the skill of its human capital. Being on the right side of a

sharp move can do a lot for profitability. But what about the risks? Have they increased in a period that has seen the

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The Bank of England found that trading in futures and options accounted for only I percent of daily average volume in London.



The London branch of Algemene Bank Nederland.

dollar rise to 3.45 Deutsche marks and 263 nior manager with responsibility for op-tions and special products at Barclays yea in February 1985 before falling to current levels of less than 1.80 marks and Bank. "There have been whipsaw moves 140 yea under the weight of record U.S. over the last 12 months, but not as regular-ly as before. Large movements within a trade deficits? trading day are the worst kind to have to avoid."

"Volatility may have increased, but the risk of loss isn't as great as it was in the early 1980s," said Steve Mazloumian, serisks now than they were a few years ago," noted Michael O'Brien, managing director of foreign exchange in London and Europe at Goldman Sachs, the U.S. investment bank that has established itself among the upper echelon in the foreign exchange husiness.

"In periods of greater volatility people don't take the same positions. This means they are more likely to be able to handle be added.

The investment banks have been drawn into the foreign exchange business in London and other major centers because the growth in their capital markets activity has made it necessary for them to transact the currency side of a growing number of deals. They need to be in foreign exchange because their clients have exposures they want to hedge as a result of transactions on the securities side.

The major commercial banks do not see the investment banks as a threat. Indeed some argue that their presence has boosted liquidity in the London market.

"The market has grown as a whole so they aren't taking business away from us," said Robert Loewy, foreign exchange man-ager at Chemical Bank in London.

Nevertheless, competition for corporate orders in the London market is tough. The presence of large numbers of banks willing to make markets in most of the major currencies has forced them to trade on finer margins and narrower spreads as they bid to attract business from sophisticated customers.

Some banks are even prepared to quote prices on which they actually lose money so they can hold onto customers or increase volume. However, most of the major banks believe "buying business" is a short-term

strategy that rarely pays dividends. "Some of our competition have begun to make markets on such ludicrous prices that they can pick up corporate business," said Mr. Loewy. "The problem is they do it once and then lose the customer. We have retained our position in the market hy

quoting consistently." The advent of increasingly sophisticated foreign exchange related instruments, such as futures, options, swaps and a range of hybrids, from participating forwards to compound options and swaptions, has also alerted the anthonities to the dangers of trading in off-balance sheet items.

The Bank of England imposes limits on the exposures that banks may take in the market, while the banks themselves adhere to their own daytime and overnight limits. But the question of how to cope with exposures caused by trading in the newer instruments is of increasing concern to the regulators.

The importance of off-balance sheet financial instruments in the foreign exchange business is often overstated, however. The Bank of England found that only I percent of daily average volume in London was accounted for by fatures and options. Spot transactions contributed 73 percent of turnover and forward contracts out to one year represented 26 percent.

KEN FERRIS is editor of Euromoney Treasury Report.

# **City Meets Challenge Of the Big Bang Era**

### By Lord Boardman

ONDON — I see the Big Bang and its after-math in the City of London in a global context and part of the evolution of the

financial services industry. New advances in technology, shifting patterns of global capital flows and a plethora of new financial instruments had all heightened the pace of liberalization in the major international financial markets of the world. So it was only a matter of time before financial assets became as easily traded and moved around

the world as any other commodity. London has successfully taken up that challenge

and, with Tokyo and New York racing neck and neck to become the largest equity market in the world, the City has reaffirmed its claim to be the leading financial center in the European time zone. In fact, the process of deregnlation in London has

been faster and more courageous than in any other financial market. As a result, it is the most cosmo-politan center and, probably, the most competitive. There are more than 460 foreign banks in London — more U.S. banks, it is said, than in New York City - and they are competing with British banks, securities houses, insurance companies and other institu-

tions for corporate and private business. At this point, there is no discernible decline in the City's attractions for financial services operators, and its future - like that of the banking industry -

looks demanding but good. A central role in that future is occupied by the application of sophisticated electronics. Indeed, my office close to the heart of the City is within what must be one of the greatest concentrations of electronic hardware in the world, which each working day sustains and fuels London's international mar-

But while the flashing screens have helped to stimulate the City overall, they have claimed at least one major casualty. The floor of the London Stock Exchange is now no longer the bustling hub of securities trading. Instead, screen dealing rules.

The needs of corporate and private customers have changed, too. Today's corporate treasurer has to be offered a wider range of financial options and providers of such services need a more specialist. flexible, global approach. That often means finding solutions from the capital markets as opposed to traditional sources of credit. I do not, however, see the concept of relationship banking being over-hauled. On the contrary, I see the introduction of a capital market capability as one that complements our mainstream commercial banking activities.

In the personal sector, the surge of interest m share ownership in Britain coincides with a desire by financial institutions to take a fresh look at the way in which people's investment needs are served.

A very encouraging aspect of the recent wave of stock market flotations has been the number of firsttime investors. In less than two years, the size of the shareholding public has doubled. With new investors and new institutions in the marketplace, the need for effective regulation and supervision has become paramount

In London, the principle of self-regulation within a statutory framework forms the cornerstone of government policy for the new markets. Self-regula-tion is, I believe, a more mature approach in that responsibility for upbolding standards falls firmly on the shoulders of the financial community itself. Additionally, the ability to handle business with

ly a minimum of bureaucratic hurdles is an estabished strength of the City's markets that has en-abled growth and encouraged the flexibility neces-sary for fast-moving global transactions. I have no doubt that London as a financial center can only

thrive if it upholds this principle and retains its reputation for bonest dealing and integrity. The issues surrounding regulation and supervi-sion, of course, go beyond the domestic situation in the United Kingdom. With global financial markets, the question of supervision is also global. Central banks around the world have to ensure that the financial antegrity attacks of the second supervision of supervision. financial system remains robust, particularly as in-novative financing techniques become more wide-spread. The risks have to be identified and managed. The risk-management challenges of the post-Big Bang era have, rightly, been seen as new opportuni-ties by the British banking community and have opened up business avenues from which there is no turning back.

Deregulation has been faster and more courageous here than elsewhere.

The recent joint U.S. and U.K. consultative paper on capital adequacy signals a major step forward. The overall sim is not to create complete harmony in the rules that each country applies, but to set minimum standards.

My own view of the accord between the Bank of England and the Federal Reserve Board, which covers the definition of what should be regarded as capital and how it should be measured, is that it is a step in the right direction. But I do have a few reservations. In Britain, the issue of capital adequacy has never been purely mechanistic. By adopting minimum standards for primary capital we should not ignore the virtues of the subjective and qualita-tive way in which the Bank of England has approached supervision in the past. The Bank of En-gland should not be tempted to tip the balance in favor of across-the-board mandatory capital ratios.

I hope that the authorities in other parts of Europe and in Japan will consider using the U.S.-U.K. proposal as a basis for formulating a multilateral approach; the proposal was not intended to be an exclusive arrangement. Changes in the financial services industry have

brought new challenges for supervisors, financial stitutions and customers all around the world. Deregulation has created a climate of intense competition not just for institutions but also competition between financial centers. I am convinced that London has the unique concentration of people with financial skills, institutions with immonse capital strength and an unparalleled sophistication in tech-niques — human and electronic — that are required for markets today and in the future.

LORD BOARDMAN is chairman of National Westminster Bank PLC



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# **Diversification, Growth in Eurocommercial Paper**

of 1986, programs totaling \$60.75 billiou had been signed, com-pared with \$29.6 billion the year By Krystyna Krzyzak ONDON -- The Eurocombefore and only \$12.6 hillion in mercial paper market 1984

"Market makers are more able to control

Outstandings (the amount ac-tually drawn on those programs) were around \$30 billion, more has been one of the London-based Euromarket snocess stories. By the end than double the amount 12 months carlier.

A wide spread of borrowers is now tapping this market. They include industrial corporations, insurance companies, bank holding companies and sovereigns such as Denmark, with a \$1 billion program, and Belgium, which recently announced an un-

limited program. In terms of announced programs, U.S. enuities continue to dominate the market, accounting for nearly 30 percent of it. Many of these view their programs as a funding alternative in the U.S. commercial paper market and in a large number of cases did not use the Euromarket to any signif-icant extent because U.S. rates have been substantially cheaper. However, Eurocommercial paper has advantages for U.S. bor-rowers beyond an occasional cheap cost alternative. Large borrowers tap it because they can extend their investor base. In the United States, the market is dominated by the giant institutional investors, such as the money mar-

U.S. entities account for nearly 30 percent of market.

ket and pension funds; in the mercial paper cannot be used to Euromarket, corporations play a finance acquisitions. Eurocommercial paper is not

significant role, accounting for about 25 percent of purchases. the only short-term instrument The most significant arrival in occupying the attentions of the London financial community. this market has been General Motors Acceptance Corp. GMAC has put no limit on its Last April, sterling commercial paper was launched, a market for Eurocommercial paper borrow-ings. In the United States, it acwhich many British corporate treasurers have been lobbying incounts for about 10 percent - or tensely. \$35 billion -of total borrowings, This has seen a more modest and it is widely accepted that the growth, with around 45 ancorporation may aim to capture a

nounced programs by the end of last year, totaling around £3.5 bilsimilar amount in the Euromarket. Certainly, its borrowings lion (\$5.9 billion) in volume but have been significant, peaking at around \$1 billion in September. £520 million in borrowings. Sterling commercial paper has been fraught with legal and tax prob-lems, with what many see as over-The establishment - and use of large programs has been one

of the growing trends of the mar-ket, and one which has given it its recently acquired depth. Barroughs Corp., for instance,

set up a facility to finance its merger with Sperry Corp. It chose faces competition from the bank-Eurocommercial paper in preferers acceptance sector, one of the ence to its domestic market becheapest cause publicly offered U.S. comsources of short-term finance available to British company partly because of its use by the Bank of England as a tool of monetary policy.

Bankers acceptances are par-ticularly competitive in the oneto three-month tenor, and notably so toward the end of the calendar year, which accounted for

the tailoff in sterling commercial paper borrowings in December 1986, down from a peak of £700 million the previous month. Not all British companies are cligible in use bankers accep-

tances, which require an underlying trade transaction (property and insurance companies, for example), and these were among the first to announce programs. That said, the market has proved particularly popular with the British

retail companies, which have scasonal short-term cash requirements that the instrument can easily satisfy. Both the Eurocommercial and

sterling commercial paper mar-kets have provided hotbeds of enthusiasm by the authorities to competition for the Londonbased dealers, with a high degree of prestige at stake. In the Europrevent the paper from landing in the hands of the nonprofessional commercial paper market, in par-Sterling commercial paper also ticular, around 80 institutions are involved in one or more programs, compared with six invest-

share of the U.S. market.

ment banks that have the lion's

Dealerships in the Eurocommercial paper market are concentrating, however, among the top 10 to 15 banks. And while the market has not seen anything resembling the post Big Bang re-trenchment among some equities market makers, borrowers are beginning to review their bankers more stringently.

Last year, Merrill Lynch was dropped by the Australian Wheat Board and Den norske Creditbank, and Credit Suisse First Boston lost its place on Prudential Funding Corp.'s and Com-monwealth Bank of Australia's facilities. These banks are, however, among the leading dealers in the market.

In a high-volume, low-margin usiness, success is ultimately determined by the investor base that the banks have built up.

In the past, many survived by taking paper into their inven-tories and selling it when interest rates fell. That escape route is now closing, and the market is moving more toward genuine end placement. The shakeout long & predicted by many of the leading bouses may not be that far away.

KRYSTYNA KRZYZAK is deputy editor of Euromoney Corporate Finance

**Recovering From Perpetual FRN Fiasco** 

- and subsidized -

### By Jeff Ferry

ONDON - The constant development of new instruments and the adding of the proverbial "bells and whistles" to existing finan-cial instruments that has characterized the Euromarkets in recent years is continuing. London bankers say. This is despite the serious setback of February's liquidity crisis in the perpetual floating rate note market.

An unexpected rush to sell perpetual FRNs that began in November 1986 and culminated in a seizure of the market in February made the \$18 billion face value of perpetual FRNs unmarketable. Estimates of the losses run as high as 18 percent, or \$320 million

According to David Andrews, a director at IBCA Banking Analysis, Japanese banks, holding around two-thirds of the FRNs, were the hardest hit. The underwriters of the notes, including the London banks Morgan Guaranty, Salomon Brothers and Credit Suisse First Boston, are also rumored to have taken significant losses. Mr. Andrews believes the significance of the perpetual FRN fiasco is that many of the new instruments could carry risks that are not properly appreciated by the marketplace.

New instruments are priced with a lot of high-powered math and computer models to estimate the risks, he said. But when reality struck and nobody would deal in them, it proved that the calculations were all nonsense, he added.

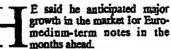
"What it shows is that you can have the most elegant mathematics in the world, and until something goes wrong, you don't actually know what the risks are," he said. G. Edwin Smith, underwriting manager perpetuals crisis, innovation is on the de-cline.

warrants and on Australian dollar bonds as other examples of investors' getting burned by innovation.

bank's new issues syndication department, disagrees.

Mr. Berman added that demand has been strong for currency warrants, notably in the dollar/yen and dollar/Deutsche mark market,

"When people feel exchange rates have reached a critical point or a turning point," he said, "a currency warrant can be a cheap way of hedging against a currency move-ment or of taking a punt on it."



"Euro-medium-term notes will change the way people handle their medium-term assets, just as Eurocommercial paper revo-hutionized the way investors handle their short-term assets," he said.

"The Euro-medium-term note market is now at the same stage the Eurocommercial paper market was at two years ago," he added

John Lawrence, swaps and options trader at Paribas, was also bullish on the new instruments

"Interest in new instruments in the past six months," he said, "is probably greater now than at any time in the past couple of years. With interest rates low, investors are keen on anything that can improve returns above a straight conventional bond."

Mr. Lawrence cited strong interest in currency and gold warrants and a rapid growth in the market for tradable caps on dollar and Deutsche mark debt.

"A cap is a synthetic way of creating a long-term fixed rate," he said. "It gives hability managers the ability to borrow sixmonth money and protect themselves against interest rate rises for two to seven Ŀ YCATS OUL

Richard Sharp, underwriting manager at Goldman Sachs' London office, said that the perpetuals crisis has had a significant but limited impact on investor psychology.

There is still ample room for innovation in places where the market has been relatively unimaginative," he said.

"We did a \$500 million floating rate note for the Prudential, which was a collatoralized mortgage obligation (CMO), and in was very successful," he said. "Since then CMOs have taken off, right through the crash in the [perpetuals] market."

Traders argued that the perpetuals cul-lapse was a special case.

"The concept on [perpetuals] was funda mentally wrong," said Mr. Berman of Citi bank. "There was too much supply to soon, and what wasn't stuffed down the throats of Japanese banks was left on deal ers' books. That's always a dangerous situ ation."

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"The market is searching for things that have a running yield and that you can sell if you want to, that you won't find yourself having to hold onto for the rest of your life," he said.

He cited losses on so-called harmless

Charles Berman, vice president of Citi-

"Investors are always interested in some-thing that has value," he said.

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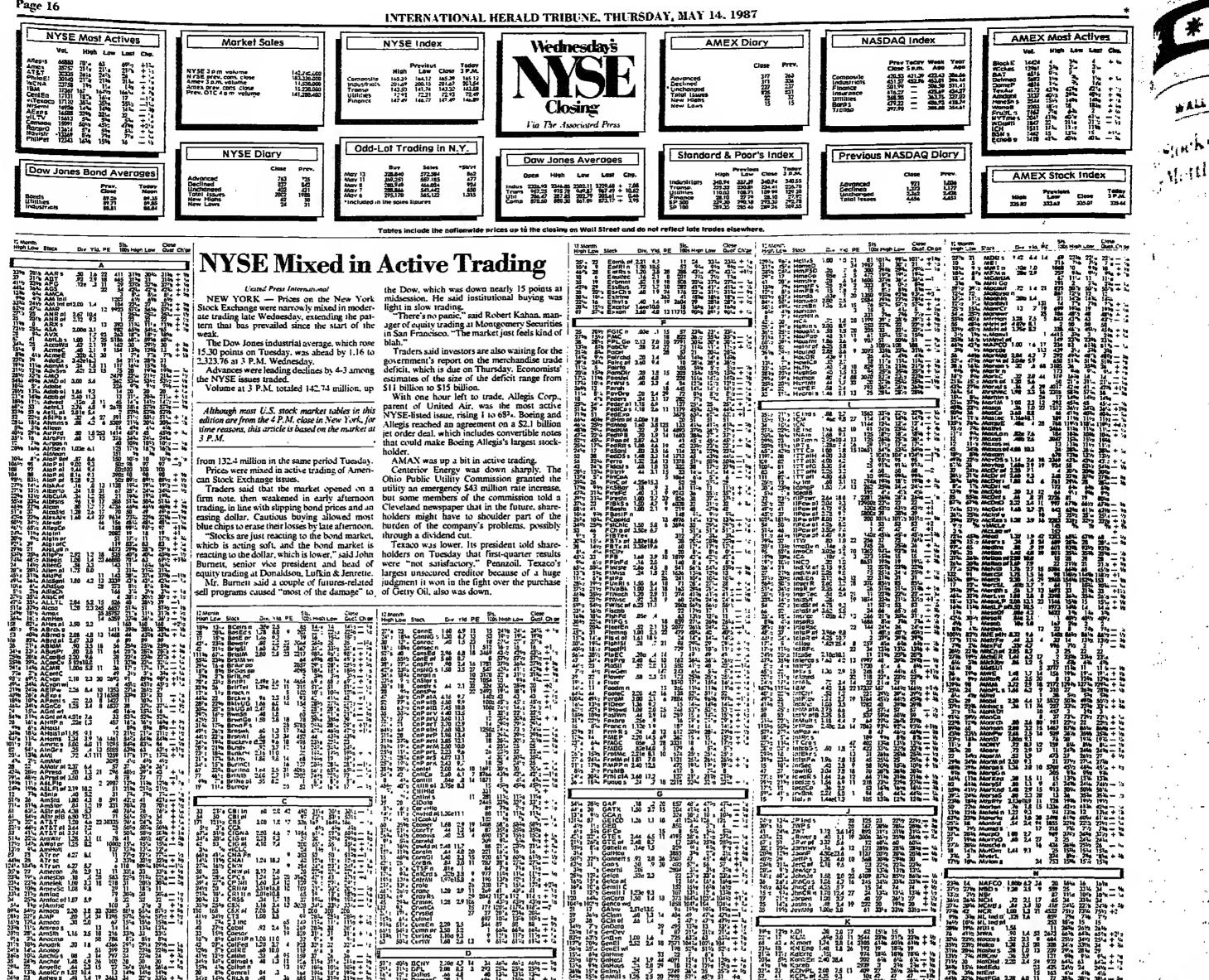
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### WALL STREET WATCH

# Steel Stocks Begin to Show Rose 0.1% Their Mettle on Wall Street In April

By VARTANIG G. VARTAN New York Tumes Service

EW YORK --- When LTV Corp., the second-largest U.S. steelmaker, filed a bankruptcy petition last July, shock waves went through an industry already facing intense price competition and sluggish demand. The move raised fears that LTV could emerge as the industry's lowcost producer, and share prices of competitors plunged by onehalf to three-quarters.

But investors who scrapped steel issues last summer might regret that decision now. Last week, the stocks of Bethlehem, Inland and USX - along with shares in Armco and Lukens, among others - traded at their 52-week highs.

with a steady decline in steelmaking capacity, all of which have vasily improved some companies' earnings outlook. Money managers, forthermore, are purchasing com-modity-related stocks that stand to benefit from a whiff of inflation as well as a cyclical upturn in the economy.

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Sources: Indosvez Bank (Brussets); Bana de Paris (Paris); Bank of Takyo (Takyo); (ruble). Ofner data from Reviers and AP.

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Wall Street analysts, too, have been taking a more kindly look at the industry. Last week, Smith Barney, Harris Upham & Co. added USX to its recommended list on the advice of George D. Baker, the firm's domestic oil analyst. USX now derives more than 70 percent of its revenues and cash flow from oil, thanks to its ownership of Marathon Oil and Texas Oil & Gas. One major

company problem last year was the decline in oil prices. Since Smith Barney is bullish on oil stocks as well as cyclical stocks, USX would seem to be a natural choice. Mr. Baker set a target price in the mid-\$40s for the stock over the next 18 to 24months. On Tuesday, USX closed at \$32.25 on the New York Stock Exchange, compared with \$14.50 last August. Prudential-Bache Securities also likes USX, calling it a "for-

merly moribund steel giant that has transformed itself into an asset-rich, well-managed and competitive diversified energy company." The firm estimates that per-share earnings will leap from 75 cents in 1987 to \$2.80 next year. Michelle Galanter Applebaum, the steel analyst at Salomon

Brothers, first put USX on her buy list in mid-January at a price of \$24. The long United Steelworkers strike against USX ended in February and the new contract, Ms. Applebaum said, "provides for significant cost advantages versus USX's competitors" and should allow USX to be profitable by the third quarter of 1987.

B UT Charles A. Bradford of Merrill Lynch recently jumped off the USX bandwagon, after favoring its purchase for a time in 1986. "As stock prices move up, 1 like to lower my ratings," he said. "When things look attractive in the steel industry, these stocks respond quickly. But I think you should buy them when prospects are bleak."

Peter F. Marcus of Paine Webber issued two recommendations last week. The analyst went from "neutral" to "buy" on Inland. Steel, which he regards as a low-cost producer with considerable operating leverage. Inland closed Tuesday at \$31.25, compared with \$14,50 last July.

He also strongly recommended Bethlehem Steel "as a trade." because of its even greater sensitivity to swings in steel prices. "But I kept Bethlehem at a neutral rating," he said, "because the company has more than \$60 a share in retiree liabilities for pensions and group insurance." Bethlehem Steel was up to \$14,625 Tuesday from \$4.625 in December, but still below its \$22 trading price in March of last year.

Inland is the other steel stock -- recommended last November at 520 - that Ms. Applebaum favors. She, too, cites Inland's operating leverage and estimates company earnings at \$3.28 a share for 1987 and at \$4.99 next year.

Mr. Bradford, the Merrill analyst, names Armco (at \$12.125 on Tuesday from \$4,125 last year) as his current favorite. The company lost money from 1982 to 1986, but the analyst estimates profits this year at 50 to 75 cents a share and \$1 a share in 1988.

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This turnabout reflects surging orders and higher prices, along Investors who sold steel issues last summer might rue that decision now.

Compiled by Our Staff From Dispatches WASHINGTON - U.S. retail sales inched up a meager 0.1 percent in April, the Commerce Department reported Wednesday. Some economists said the sluggish growth reflected the cautiousness of consumers who are short of

spending money. Analysts had been predicting an rease closer to 0.6 to 0.8 percent The March sales figure, however, was revised upward to 0.8 percent from the 0.2 percent earlier report-ed. Some experts said that the higher March figure may have absorbed some of the expected April gain.

Auto sales were down 0.9 per-cent from March levels, while sales of furniture and home furnishings were down 1.4 percent. Nonanto sales were up only 0.4 percent.

Some economists said that the report not only showed a tiny gain, the increases reflect rising prices rather than more spending.

In the more important areas of durable goods, consumers stayed away. They were buying fewer cars and less furniture, apparently un-willing to shoulder more debt for discretionary purchases.

"It's a pretty weak report. Very weak, as a matter of fact," said Michael K. Evans of Evans Economics, a Washington consulting firm. "I really think that consumers have given up. They don't have the money, and they're not borrowing

anymore. Wages and salaries are not keeping up" with prices. The White House spokesman, Martin Fitzwater, maintained without elaboration, "Retail sales are looking good."

While the month-to-month fig-mes showed little movement, the department said longer-term fignres were more encouraging.

April sales were 5.9 percent above April 1986 levels, with car sales up 5.4 percent and nonauto sales up 6.0 percent.

In a separate report, the Federal Reserve Board said Wednesday that one in five U.S. banks posted losses last year and many of the others suffered declining profits, mostly because of bad farm and energy loans.

By comparison, the study said, only 4 percent of banks had losses in 1979, 8 percent in 1982 and 17 percent in 1985.

(AP, UPI, Reuters)



# TO SPACE TECHNOLOGY TOSHIBA Page 17

# **Japanese Firms** Are Warned on **Currency** Trade

dealers.

ministries' requests.

By Susan Chira New York Times Service

TOKYO - In an effort to halt the yen's rise, Japanese government officials summoned major Japanese participants in the foreign exchange market on Wednesday and asked them to refrain from speculative currency trading.

The request, which Finance Ministry officials called "moral persuasion." sent the dollar up slightly and stock prices down sharply in Tokyo. Officials said that the request was not part of a coordinated effort with other countries. Finance Ministry officials said

> The dollar was little changed before the release of U.S. trade figures. Page 21.

the companies concerned did not have to heed their advice, but one foreign hanker said the ministry was following up its request with a requirement that banks report their trading positions to the ministry, which would allow officials to de tect speculative trading. In Japan, such "administrative

guidance" has proved a powerful tool. Although compliance is voluntary, most companies do not

want to alienate their regulators. But it is not clear whether such persuasion will work in this case. falls in New York, for example, it is further," he said. likely to keep falling in Tokyo.

there is nothing to prevent Japanese companies from placing speculative orders through overseas ticipants, branches or dealers.

rected at major Japanese and for- currency positions. eign commercial banks, life insurfirms; and the Ministry of Interna-

ance companies and securities he said. "If you want to do a little : tional Trade and Industry, directed all day long and then close your at trading, electronics, automobile position out by the time the day . and oil companies, all of which

have been active in the currency maximum position, they'll catch market, placing orders through you." **Japanese Trade Surplus** With U.S. Is at Record

of Japanese electronic products in Compiled by Our Staff From Dispatches

retaliation for Japan's alleged fail-TOKYO-Japan's merchandise ure to abide by a semiconductor : Economists said the report was

**Computers Bloom in Flower Trade Dutch Automate Their Markets to Maintain Exports** By Ronald van de Krol Special to the Herald Tribune AALSMEER, Netherlands anything else.' Every weekday morning, in the time it takes most budding flower arrangers to craft one floral display, 12 million cut flowers and one million house plants will change hands in a cavernous costs auction hall in this town outside

Amsterdam. Similar scenes are repeated at smaller auctions throughout the

One of several auction rooms at

country. Ever since the tulip was introduced into their country from Turkey more than 400 years ago, the Dutch have ruled the world flower market as firmly as Britannia once ruled the waves. To protect that dominance into the next century, they have turned to a relatively new tool - the comonter.

Every weekday at 10 A.M., in the "high-tech" flower auctions around the country, computers sort, catalog and otherwise track consignments of roses, tulips and orchids and speed them on their way to all-important export markets.

Each year, Aalsmeer alone processes 900 million roses in 80 varieties, 250 million tulips, 200 million carnations and 120 million chrysanthemums, not to mention millions of begonias, poinsettias and azaleas.

Without the aid of computers, auction officials say, the market would be overwhelmed. "We'd have no hope of keep-

ing track of the flow of flowers if the whole system weren't com-puter-based," said Adrienne Lansbergen, the Aalsmeer auction's spokeswoman. "The num- complex, which covers an area

bers have grown too big to do the size of 55 soccer fields, includes a special liaison department for especially large orders. Such efficiency cuts costs. "If a supermarket chain wants a helping the Dutch maintain a few thousand ferns all of the comfortable lead over rivals in Colombia, Israel, Spain and Kesame size, we can put them in tiya, where growers are hiessed touch with the right growers." with better weather and lower she said. Housed in a large area below

It also means the freshly-cut

Tokyo or Sydney later that same

day or early the next morning. And the staggering size of the turnover means individual growers can afford to specialize in certain flowers, unlike horticulturists in other countries who need to produce a number of

different flowers to ensure an ad-"Some of our growers produce only lilies or only irises in all their varieties," Mrs. Lansbergen said. "Buyers know they can always get the kind of flower they ket. need in just about any quantity

In 1986, the Dutch exports were worth 4.8 billion guilders

shipping areas, During the auction itself, the computer registers up to 20 transactions per minute as flow-

er-laden trolleys are pushed into the auction hall and through the complex hy chains buried in the The Aalsmeer auction, run as a cooperative hy 5,000 local growers, has expanded periodi-

cally since it was opened in 1972. Management is now working on improving the flow of flowers through the complex and strengthening the computer system to cope with the steady rise

in the Dutch crop. The Dutch produce seven bil-lion can flowers and balf a billion house plants each year, accounting for 63 percent of world flower exports and 51 percent of potted plant exports. None of its competitors have more than an 18 percent share of either mar-

See FLOWERS, Page 21

trade surplus shrank slightly in trade agreement. juga us se United States reached a record in likely to increase protectionist sendollar terms, the Finance Ministry timent in the United States. announced Wednesday. In a preliminary report that bodes ill for the release Thursday

billion in April. from 53.78 billion

earlier. Japan's previous monthly

Currency changes have caused a sharp increase in the dollar value of

States, although Japan says the vol-

ume of its exports is gradually de-

large surpluses in trade with the

foreign bonds. In the fall of that year, the agreement in New York hy major industrialized democracies helped push the dollar down. Makoto Utsumi, director-general of the Finance Ministry's International Finance Bureau, said he hoped the request would contribute to stabilizing currency rates.

banks licensed as foreign exchange

In all, more than 100 companies

The dollar rose as high as 140.90

yen before closing at 140.05 yen in

Tokyo, still up from 139.55 at Tues-

day's close. The Nikkei Dow Jones

average of stock prices plunged 172.66 points to close at 24,363.19.

Finance Ministry officials said

they last convened a similar meet-

ing in the summer of 1985, when

they told financial institutions that

they should warn their clients of

currency risks involved in buying

were called in or advised of the

Because many Japanese companies are major investors in foreign bonds, they have been trying to hedge against currency losses in recent days. Mr. Utsumi said that while he was not telling companies to completely stop hedging risks --which might discourage companies from buying more foreign bonds ---he was asking them to consider moderating such moves.

"Hedging is a very legitimate way of avoiding risk, but to rush to hedge is like tightening a noose The ministry has no say over other around their own necks, because currency markets, and if the dollar the dollar would then depreciate

He said the ministry had no m-Moreover, bankers in Tokyo say, tention of tightening market regulations, but suggested that a clear warning had been delivered to par-

A foreign banker said hankers at The request to avoid speculative the meeting were told that they dollar-selling came from two would be required to submit regu-sources: the Finance Ministry, di- lar reports of their maximum daily

"They're really bearing down." speculation, you can go like crazy ends. But if you have to give your

### the auction floor, the computer room begins its work when the flowers arrive before dawn for the early morning auctions: the 'We'd have no consignments are given a computer code that remains with hope of keeping them as they move from arrival track of the hall to auction hall and finally to

the Aalsmeer flower market in the Netherlands.

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flowers can be sold in New York,

**Currency Rates** 

# **OECD Farm Statement Falls Short of U.S. Goals**

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The Aalsmeer auction hall

or color.

By Axel Krause

PARIS --- Ministers of the Organization for Economic Cooperation and Development formally Wednesday to begin cutting back on government farm programs, but the statement fell short of U.S. proposals in several key areas, accord-

ministers attending OECD's annu-al meeting here to agree to phase out guaranteed farm prices, avoid

ization talks in Geneva. However, these proposals and several others were dropped, or the language diluted, in the communique issued at the close of the two-

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come of the meeting, noting that they had won victories in two important areas, including the first international agreement to "decouple" farm supports from price sup-

agreed to support farmers, not ior U.S. negotiates tradeoffs in wide range of farm-support mea-

sures in the trade talks being orga-"The Americans did not really nized by the General Agreement on back down on on their demands, Tariffs and Trade. The framework but let's say they toned down their would have represented the first approach to farm and trade issues, comprehensive measure of the de- which dominated our discussions," gree to which farmers are support- a senior OECD secretariat official in March and \$4.74 billion a year ed by government programs. said.

The main opposition to this pro-Agreement on the wording in the record surplus with the United states was \$4.98 hillion in October. visioo came from Japanese officommuniqué followed tense decials, who, delegates said, feared bate, primarily stemming from retriggering opposition from powersistance expressed by West Germany, fearful of hosule reaction by its Japanese exports to the United ful farm groups at home.

Instead, ministers softened the language to authorize the OECD farm lobbying groups. "We had trouble convincing the clining. secretariat to "further its work hy updating and improving the ana-Germans to accept the decoupling proposal," said a delegate of the U.S. Congress is considering mea-European Community's executive sures against countries that run lytical tools it has begun to develop.

U.S.-supported proposals on commission, representing the 12 farm prices also were dropped, no- EC states.

tably a suggestion that "excessive, guaranteed prices" he phased out gradually within OECD countries. "But Germany agreed, partly be-cause the United States eased away cent tariffs on \$300 million worth from pressing too hard on reducing The deletion was regarded as a farm prices -a highly domestically sensitive issue for the Germans,"

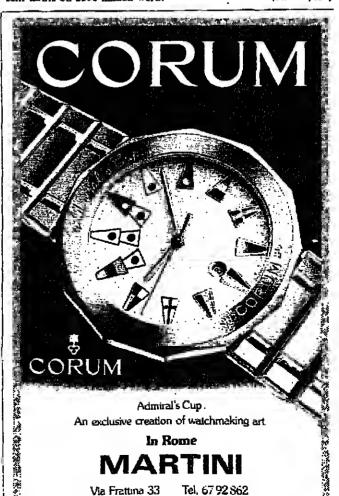
Despite the tradeoffs on the agreement, West German Economics Minister Martin Bangemann, Ministry, said Wednesday. The communique also dropped another U.S.-backed proposal, urg-ing the seven leaders meeting in Venice ney month to Municipal Antipal An tect farm trade.

On a worldwide hasis, Japan's trade surplus contracted last month to \$7.57 hillion from \$8.09 billion of U.S. trade figures, the ministry in March, hut was sull much wider than the \$6.85 billion a year earlier. said Japan's surplus with the United States grew to a record \$5.15

Total exports in April rose nearly 10 percent from a year earlier, to 519.5 billion, just below the record \$19.66 hillion in December. Imports increased 9.4 percent from a year earlier, to 511.93 billion.

The surplus with the United States grew despite determined ef-forts to reduce it. including the 45 percent decline in the dollar against the yen in the past two years. It was The record surplus came as the hoped that the weaker dollar would reduce the U.S. deficit hy making U.S. goods more competitive oo world markets and pushing up the United States. In addition, the U.S. price of its imports, including those from Japan.

(Reuters AP)



And at the finest scienters in the world. For information, write to: Corum, rue du Petit Château, 2300 La Chaux de Fonds Suitzerland.

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4-marili Tree	astry bills	5.82	584			consortium that plans to dig a rail-	and that no government funds or
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						France, said Wednesday that it had	British Rail and Societé Nation-
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é-reagin intel	thenk.	3,85	2.05			financing package of £5 billion that	meant the consortium could go ahead with plans to raise funds
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France	•		74	Zasrich 45	145 448-58 Unci		take place in November.
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4menth later				closing prices; New All prices in U.S. S (	W YARK SOUT THUL KELL CHER	<ul> <li>Euromanel project would stimu- late Europe's economy. It said that</li> </ul>	Calais. The project is expected to be finished in 1993.
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ional Herald Tribun adopted a broad agreement

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May 13

ing to delegates. The United States had urged unlimited production, and get an "early start" on farm trade-liberal-

these kinds of meetings," he added. Observors said the United States pressed satisfaction with the outhad made progress on its general goals, even if specific language and proposals were defeated.

The 10-page document was nota-hle for what it didn't contain, howports. "That means the OECD ever. For example, it made no mention of a new OECD computerized

framework for use in negotiating a

Martin Bangemann

victory for West Germany. "We can accept a policy on prices, but the commission official said. not commitments that would lead to actual (farm) price reductions in nominal terms," Otto Schlecht, state secretary of the Economics

Singapore

May, 15th, 16th and 17th 1987

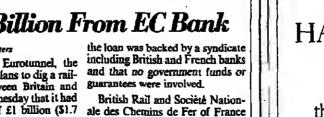
NEW YORK - GENEVE - PARIS - MONTE CARLO

BEVERLY HILLS

programs that subsidize and pro-Venice next month to 'further broaden" farm reform talks.

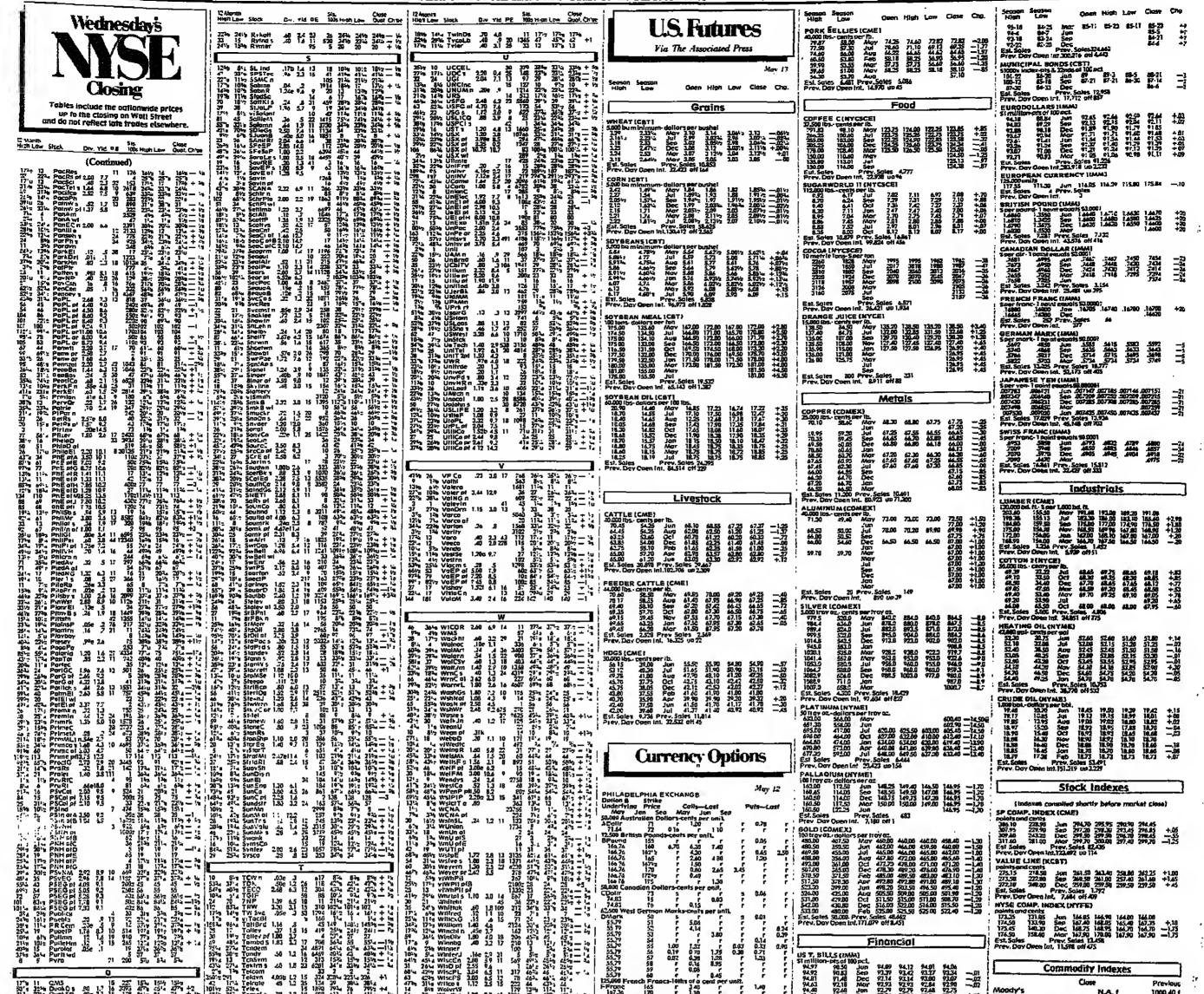
# HARRY WINSTON Very special exhibition of the rare jewels of the world **Oriental Hôtel**

nvestment Bank, Preliminary work has started on bourg, said the the French end of the tunnel near ct would stimu- Calais. The project is expected to J omy. It said that be finished in 1993.



European Invest- settled on Tuesday a financial disagreement with the Eurotunnel he development consortium and agreed on the price can Community. they would pay to use the tunnel n of the consorunder the English Channel. The

meant the consortium could go



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Acondon Court Dismisses Request on ITC Receiver Reuters LONDON — A British court dismissed Wednesday a request to appoint a receiver to recover debts from the 22 member states of the insolvent International Tin Council. Maclaine Wotson, a Londoo Metal Exchange dealer, last month asked the London High Court to appoint o receiver for million (S10 million at current rates) he is uwed by the ITC, a cartel of major consumers and produc- res. The judge ruled, however, that the ITCs rghts concerning its members were derived ite jurisdiction of British courts. The ITC owes £900 millico to creditors be- cause of its efforts to prop up the tim market after the LME, the major forum for tim trading, halted drating in the metai in October 1985. Dealing scopped because the ITC ran out of money to finance a buffer stock, which kept tim money to finance a buffer stock, which kept tim	Spain, Portugal to Seek Membership in EMS Reaters STRASBOURG, France – Spain and Portu- gal, which joined the European Community in 1986, are eager to join the European Monetary System, their central bank governors said Wednesday. Only eight of the 12 EC states have joined the EMS currency mechanism, aimed at promoting stability among EC currencies. Spain, Portugal, Britain and Greece do not have full EMS mem- bership. The system allows currencies float against each other within agreed limits, where central banks are required to keep them. The Bank of Spain's governor. Mariano Ru- bio, at a meeting at the European Parliament, suggested 1989 as a target date for Spain's entering the system. By then, Spain could have completed economic adjustments needed to bring its monetary policies more in line with other members, he said. The Bank of Portugal's governor, José Ta- vares Mareira, said Lisbon would have to work toward ending a disparity between its economy and others before joining the currency float. He	

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### BUSINESS PEOPLE

### Marketing Executive Leaves Wendy's Fraser's Ex-Chief

named Richard A. Bibee to head its

MD-80 twin-engine jet program af-

ter a six-year absence from the

company. Maurice A. O'Connor,

Mr. Bibce, 50, had been vice

By Arthur Higbee International Herald Tribune The executive vice president for International Inc., a fast-food chain based in Dublin. Ohio.

leaving because of a "disagreement with management over the stralegic direction of Wendy's marketing," Robert L. Barney, Wendy's chair-man and chief executive, said the company was selecting a new mar-

new television advertising campaign with the theme line "Give a Little Nibble" that shows people breaking chunks of meal off huge replicas of hamburgers.

by Dick Rich Ine., a New Yorkbased advertising agency that de-veloped Wendy's "Hoi 'n' Juicy" campaign in the 1970s. The International Fund for Agri-

funding rural progress in the Third World, has named Enrique Ter Horst as assistant president for American Brands Inc., a consum-general affairs, and, in effect, er goods and financial services IFAD's chief administrator. The company with headquarters in Old post had been vacant since the re-firement of Abbas Ordoobadi of president, Virginius B. Lougee 3d, the been vacant for the set of the end of the

Iran two years ago. Mr. Ter Horst, plans to retire at the end of the 38, is the Venezuelan ambassador year. Mr. Lougee, 60, will continue

### **INTERNATIONAL POSITIONS**

as president until then but William and deputy permanent representa-tive to the UN office in Geneva. J. Alley, 57, vice chairman, has tak-Bankers Trust New York Corp. en over Mr. Louger's other post of chief operating officer. Atlantic Richfield Co. has named said David Beim, its managing director for investment banking, had

spectively

resigned. Mr. Beim, 46, said that two presidents of Arco operating divisions. Harold Heinze, who has after nine years in a commercial bank he wanted to return to a tradi- been president of Arco Alaska inc., tional investment bank. Mr. Beim was named president of Arco had been with Bankers Trust since Transportation Co., replacing Hi-1979. As head of investment bank- ram Bond, who has retired. Wiling, he was responsible for capital liam Wade Jr., who has been Arco's markets, mergers and acquisitions. vice president of corporate planning, will take Mr. Heinze's former McDonnell Dougfas Corp.'s position, the company said. Douglas Aircruft division has

> Matsushita Develops Chips Agence France-Presse

OSAKA. Japan — Matsushita Electronics Corp. said Wednesday that it had developed the world's first 8 megabit and 16-megabit mask read-only memory chips, capable of storing 14,000 and 28,000 bought the company. Japanese or Chinese characters, re-

nounced

Mr. Smith successfully resisted a four-year effort by Lonrho PLC to buy House of Fraser, whose flagship store is Harrod's in London. He and Fraser parted amicably in 1986 after the Egyptian al Fayed brothers

ing. BAc said Tuesday.

Will Head BAe

International Herald Tribine

LONDON - Roland Smith.

former chairman of House of Fraser PLC, the department

store chain, is to be the next

chairman of British Aerospace.

Britain's biggest aircraft manu-

facturer, the company has an-

Mr. Smith, 58, now a profes-

sor of marketing at Manchester

University, will succeed Sir

Austin Pearce, 65, who is retir-

Weekly net asset value

Tokyo Pacific Holdings N.V.

on May 11, 1987: U.S. \$217.21

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam

mpank Boeing: A 'White Knight' for United Co. and Hertz Corp., a rental car pilots' proposal, which is being NEW YORK - United Airlines' \$2.1 billion purchase of

Boeing Co. airplanes is aimed at protecting the carrier and its parent, Allegis Corp., from hostile of stock in friendly hands while takcover, analysts said. also keeping it off the market." The agreement, disclosed Tucs-day, could ultimately put 14 to 16 imight" with the power to deter-

percent of Allegis's common stock mine who, if anyone, could take under the control of Boeing, the over Allegis, Mr. Joedicke said. Scattle-based airplane manufacturer. Allegis also owns Westin Hotel Allegis and Boeing would cause regulatory problems was unclear.

By Agis Salpükas

New York Times Service

### **MD-11s Ordered** By Dragonair

Agence France-Press LONG BEACH, California — Dragonair, based in Hong Kong, has ordered two McDonnell Douglas three-engine MD-11s and taken an option on a third, the U.S. manufacturer has announced.

The first plane is to be delivered in January 1992, McDon-nell Douglas said Tuesday. The order's value was not disclosed. Dragonair files to China and Thailand. It has obtained landing rights in Guam, Bangladesh and Nepal. The MD-11. successor to the DC-10, has a range of 8,000 miles (12,750 kilometers) and can seat 245 to 405 passengers.

pursued by union leaders. Robert Joedicke, an airline analyst for Shearson Lehman Brothers, chief executive of Allegis, said at a said the agreement, which revised recent news conference that the an airplane transaction reached in move by the pilots had made Allelate 1985, put a substantial "chunk

gis more vulnerable to a takeover. Several analysts noted that it was unusual for an airplane maker to be given such a large stake in an air-He said there was little chance

Boeing would seek to take over Whether the agreement between Allegis.

Such a combination is prohibited by U.S. laws going back to the Air Mail Act of 1934. That law curbed Under the arrangement, Boeing Mail Act of 1934. That law curbed provided United with \$700 million connections between airlines and in financing and in return received manufacturers that supplied them notes that it can convert at any time

with planes, engines and parts. for 10 million to 11 million Allegis" The act forced the precursor of shares, depending on the price of United Airdines, United Aircraft & Transport Co., to break into three Boeing could instead convert the operating companies: United, notes into 1.4 million shares of a Boeing and Pratt & Whitney, now a new series of Allegis preferred stock that United values at \$500 a unit of United Technologies Corp. Under the original 1985 arrange-ment, the United could order as share. Allegis has around 70 million common shares outstanding. many as 110 Boeing 737s and six 747s for a total of \$3 billion. The Bocang's stock closed Tuesday at \$45,25, up 12.5 cents, on the New York Stock Exchange. Allegis end. ed at \$67,75, up 50 cents, but by midday Wednesday had fallen \$100 cents for a total of \$3 billion. The revised transaction is for 36 planes. 15 of them long-range 747-400s, to be delivered by 1995, and 21 737-300s, to be delivered by 1991.

United said some of the 747s would be used to replace older planes it inherited when it bought

Mr. Strenger said that in value

percent to 462 million DM.

Helena, which trades agricultur-al chemicals, had revenue of \$444 million in 1986. Mr. Strenger said

On April 5. United's pilots' planes it inherited when it bought union announced that it would the Pacific routes of Pan American seek to buy United for \$4.5 billion. World Airways.

Allegis stock began to trade beavily and rise on the possibility that United would be sold. The tition from other airlines that have Allegis board decided against the ordered new aircraft.

**SAS** Postpones **Decision** on Jets Richard J. Ferris, chairman and Until September

> Reulers STOCKHOLM - Scandanavian Airlines System said Wednesday that it had postponed until September a decition on a major order of new icts as talks continue on a possi-ble collaboration with Sabena

Belgian World Airlines. In December, SAS signed a letter of intent to buy 12 Mc-Donnell Douglas MD-11 airlin-ers for 10 billion kronor (\$1.5 billion), but later threatened to cancel the order after receiving a lower bid from Airbus Industrie, the European consortium.

A spokesman said the airline was also considering replacing DC-10s on its intercontinental routes with a new long-range version of Boeing Ca's 767 model. SAS would not give details of the Boeing bid. Airbus's long-range A-340 model is also in the running.

The spokesman said that the final selection would depend on "joint fleet planning" with Sabena, which also uses DC-10s for its long-range routes.

The two carriers have been engaged in talks for some time simed at a merger or other co-operative effort that would counter mounting international airline competition.

# Bayer Profit Up 3.2% Despite Sales Decline

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ny - Bayer AG reported Wednesday that group pretax profit in the first quarter rose 3.2 percent, to 715 million Deutsche marks (about \$400 million at current rates) from 693 million DM in the first quarter of 1986.

The company said the improvement had been achieved despite a 9 percent decline in sales, to 9.46 billion DM from 10.39 billion.

World group 1986 net profit rose: 3.8 percent to 1.49 billion DM against 1985. Sales fell 11.3 percent to 40.75 billion, as had been reported previously. Bayer will propose an unchanged 10-DM dividend.

Hermann Strenger, the manage-ment board chairman, said the company expected earnings and volume sales for 1987 to be around last year's levels.

The drop in world sales in the first quarter was due to the mark's strength, he said. The group's oper-ating profit fell slightly because of the mark's rise against major trad-ing currencies. Sales by volume. were barely changed from the first quarter of 1986; he hadd -

June 24 to raise authorized share

Revers LEVERKUSEN, West Germa-y — Bayer AG reported Wednes-ay that group meter profit in the authorization authorization would allow the company to react immediately to finanterms, first-quarter 1987 sales in needs and changing capital Western Europe were barely changed against the same period last year, Business in North Amerimarket conditions in the next five

Mr. Weitkemper said 400 million ca declined 19 percent to 1.8 billion DM of the new authorized capital DM and Latin American sales fell was destined for rights issues and 26 200 million DM for acquisitions The chairman said Bayer had reached agreement in principle to sell its U.S. subsidiary, Helena and new listings of Bayer shares on foreign stock exchanges. The stock Chemical Co., to an international market listing in Tokyo planned for trading company. He gave no de-tails on the buyer or the price.

23% of Chinese Firms Had Losses in Quarter

The Associated Press

the company did not fit into Bay-BELIING - Twenty-three perer's strategy because only 5 percent cent of China's state-owned indusof its revenue was achieved with products from the Bayer group.

trial concerns were unprofitable in the first quarter of 1987, the China Daily said Wednesday. It said the combined losses were Mr. Strenger said accounting procedures for first-quarter figures were altered to comply with new \$410 million, 42 percent over the accounting legislation and 1986 fig-year-earlier period. The paper said ures had been adjusted to make the anosher of state enterprises re- comparisons. He did not detail the porting losses rose by 933 to reach effect of the changes on profit and



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A key position has arisen within our Frankfurt office, where the scope and variety of the taxation work undertaken creates an outstanding career opportunity,

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### **Director European Operations Computer Products**

### Paris based

The company concerned, privately held, is quoted by industry analysts as a leading force among US High Tech firms, combining high investment in R and D with record prolitability. It is expected to increase its revenue base in Europe Itom \$75 million to \$50%0 million within the next two

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Box D-18) International Herald Tobune 181 Avenue Charles de Gaulle 92521 Neuilly Cedex, France



Page 19

marketing has resigned at Wendy's William M. Welter said he was

keting chief. Mr. Welter joined Wendy's in 1981 as vice president for market-ing. He headed the team that developed the popular "Where's the Beel?" series of television commercials in 1983. Last month, Wendy's unveiled a

MD-80 manager since 1981, has been appointed director of product design. The MD-80, begun in 1977 and formerly known as the DC-9, will remain the company's largest transport program until the new MD-11, an updated version of the The commercials were created DC-10, swings into production.

president for contracts and pricing when he left Douglas in 1980 to become vice president of finance and procurement at Cammacorp, cultural Development, a Rome-

which oversaw the engine modifi-cation of more than 110 McDonbased United Nations agency for nell Douglas DC-8 jets.

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+ 10.7%

+ 8.5%

+ 8.6%

# 1986: Winning New Markets

in DM millior

7,265

5.929

4,285

1,051

252.5

96.0

95.3

73.7

68.8

31.9

Group Accounts 1986

Total business volume

Balance sheet total

Securities holdings

Capital resources

Net commission

Pre-tax profit

Post-tax profiit

Partial operating profit

Credit volume

Net interest

Selected Data

As a consequence of the Bank's conversion into a KGaA and listing on the stock exchange. new dimensions have opened up for our future business development. A DM 100 million convertible bond issue floated in December was (avorably received by investors, thus forming the basis for strengthening our long-term lending capacitiy. Ongoing press coverage and daily quotations of our shares support our intensive efforts to gain new commerical, institutional, and individual clients.

Capital resources rose from DM 219 million to DM 252.5 million. Record results were achieved in 1986. The balance sheet total remained virtually unchanged, whereas assets under management increased from DM 13.2 billion to DM 14.9 billion. Securities trading rose by 70%. Substantial progress was also achieved in underwriting, with three issues under our lead management for the first time.

Strong results were recorded in our own securities and foreign exchange trading. The partial operating profit was up 10.7%. Net commissions rose by 23.4% and nearly reached the level of net interest income, which increased by 5.1%. Total staff expanded from 662 to 723.

The Bank's shareholders will directly benefit from the improved results. The General Partners have proposed that the dividend be raised from DM 8 to DM 9 per nominal DM 50 share, thereby increasing the dividend payout from EM 14.0 million to 16.2 million. Distributable profit amounted to DM 24.9 million compared with DM 22.7 million the previous year.

### PUTTING CAPITAL TO WORK

Trinkaus & Burkhardt, Kleng solite 21, 20, 1000 Hystellori 1, Telephone 02 11 8 014 (1. aufgraf Frank Frankfur) Manish Statigart Laverslowing Zurich

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	pace daily. Telex Matthew GREENE at 613595F for further information.

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### CURRENCY MARKETS

**U.K.** Auctions Its First Bonds

Renters

nique, held its first auction of British government bonds Wednesday

in an effort to speed sales and limit the impact of market volatility.

LONDON - The Bank of England, using a U.S. Treasury tech-

In a shift from its traditional sales at a fixed price or in varied-

amounts at market levels, the bank auctioned £1 billion (\$1.67 billion)

Dealers said the auction allows the central bank to put more-

pressure on major dealers to buy a new bond issue, since the bank

allows them special privileges in day-to-day market trading. The bank is expected to sell up to £15 billioo of boods this year, and

hold two to three auctions for as much as £1.5 billioo each. Dealers

said that at Wednesday's auction of 8 percent boods, a major portion

sold at better-than-expected prices ranging from 98.25 to 98.75 oo a

# **Dollar Stable Before U.S. Trade Data**

الجميد برائية ميزر بودين أفارك

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tie changed in Europe on Wednesday as investors awaited the release Thursday of U.S. trade figures be-fore deciding whether to shift funds into or out of the currency.

An unusual move by the Japanese government, asking banks and securities firms to refrain from making speculative runs on the dollar. prompted many Tokyo traders to buy Wednesday.

The government summoned heads of major financial institu- from Tuesday's close, and at 139.75 tions to make its request, after the release of trade figures for April Frat showed a record S5.15 billion surplus in merchandise trade with 1.6712, a slight gain from \$1.6695. surplus in merchandise trade with the United States, although a slight

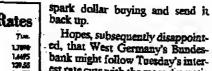
trimming of Japan's global surplus. The figure disquieted many Europcan investors, who hope that Thursday's data for March will show that the U.S. trade deficit is declining and take the pressure off the dollar.



that we don't," said a London dealer of Japan's request.

1.7890 Deutsche marks, unchanged

Dealers said they expected the U.S. trade statistics to show a \$13 billion to \$15 billion deficit for March, compared with the \$15.1 billion February deficit, which sent



est rate cuts with the more dramatic step of a discount rate cut briefly buoyed the dollar in the morning. U.S. officials see a wider gap be-tween West German and U.S. in-

terest rates as a key component in stabilizing the dollar. The dollar closed in London at

The dollar eased slightly during the afternoon when there was no announcement from the Bundesbank of a rate cut and in response to new of a rise of only 0.1 in U.S.

retail sales in April. But dealers said most investors remained preoccupied with U.S. trade figures.

In earlier European trading, the dollar was fixed in Frankfurt at

e dollar. "Maybe they know something than a \$13.5 billion deficit could Swiss france, up from 1.4665. It closed in Zurich at 1.4740

Reviers LONDON - Platinum and pal- for wholesale business. The 15 per- rial Gardens in Vienna in the late computers and automated equip- minutes, the flowers can be enroute ladium trading in Britain should be cent VAT had tended to drive most 16th century to become professor more accessible to investors after a business offshore, one dealer said. of botany in Leiden. He brought decision by tax authorities to give 1.7959 DM, up from 1.7888, and in the market zero-rating for value be better able to compete with plat- had received from a diplomat er-producing countries are greatly to Japan.

of five-year bonds.

face amount of 100.

dium market, formed last week, se- industrial demand.

U.K. Encourages Platinum Trade cured on Tuesday VAT-free status' left his job as director of the Impethe dollar down last month 1.7959 DM, up from 1.7888, and in the market zero-rating for value be better able to compete with plat- had received from a diplomate expanding production and exports. "If the deficit is over \$15 billion Paris at 5.9953 French frances, up added tax starting June 1, dealers intum futures on the New York frieod in Constantinople, and the expanding production and exports. Mercantile Exchange Investor in- Dutch flower industry was born. The Aalsmeer auction alone han-

FLOWERS: Dutch Use Computers to Maintain Exports

(Continued from first finance page) (\$2.4 billion at current exchange rates), up from 4.56 billion guilders 50 percent of Dutch flower exports. house plants. in 1985. The industry continues to post Buyers first "log in" to the auc-

Surprisingly, the tulip, the flower healthy growth rates even at a time tion's computer, using a can most associated with Hollaod, when traditional agriculture in Eu- taining their personal code. ranks only fourth in sales after rope is burdened with overproduc- As the flower trolleys move 000 and unwanted surpluses. roses, chrysanthemums and carnations, officials say. The country's tulip fields, a fa-

vorite tourist attraction in the spriog, actually play only a small tion and the resulting pressure on In typical "Dutch auction" style, role in the overall industry and ex. prices. They also face declining bidding begins with an upper maxiist primarily to produce bulhs, oot sales in the United States - their mum price and quickly descends. flowers. Nine out of ten cut flowers fourth largest market - as the are grown in greenhouses, where strength of the guilder has raised computers are also being used to prices in dollar terms. carefully control the climate.

The introduction of the tulip into Holland was the work of a French part of the rise in output stems botanist, Charles de l'Ecluse, who

light, water and fertilizer. Dealers said the market should with him tulip seeds and bulbs he

coosumer purchasing power in- flower and plant crop in its five when you have a world market."

creased in Europe, especially in auction pits - one for roses, three West Germany, which accounts for for other cut flowers and one for

healthy growth rates even at a time tion's computer, using a card con-

across the floor, bidders listen Despine the industry's overall through small headsets to the auchealth, flower and plant growers tioneer's comments on the flowers' worry about rising world produc- grade and classification.

As the hand of the clock sweeps counterclockwise, the first bidder Martin Maarse, the Aalsmeer to press his button and stop the auction's marketing manager, said clock is the buyer.

The computer quickly compiles a from productivity gains in the bill, allowing the buyer to pick up Netherlands, where the greenhouse his flowers 15 minutes later. Within ment create the right mix of sun- to Schiphol Airport 5 kilometers (3 miles) away, for afternooo delivery At the same time, younger flow- to markets from the United States

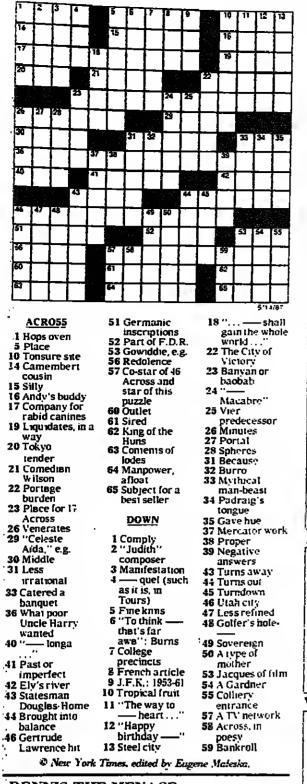
"We have to move quickly," ooe

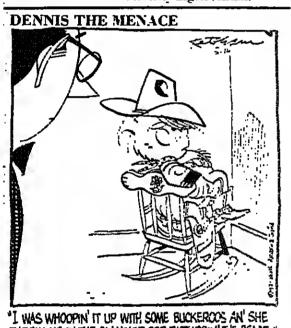
The Aalsmeer auction alone han- grower said. "It seems like it's al-The London platinum and palla- terest has risen because of higher Exports boomed in the 1960s as dies 44 percent of the total Dutch ways Mother's Day somewhere

Maybe they know something than a SI	13.5 billion deficit could Swiss francs, up from 1	1.4665. dium market, formed last week, se-	industrial demand. coosumer	purchasing power in- flower and plant of	rop in its five when you have a world market."	
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# BOOKS

company finally got straightened out, Sid Bass STORMING THE MAGIC KINGand his brothers, who had also bought heavily DOM: Wall Street, the Raiders, and into the stock, ended up with a capital gain of S850 million. the Battle for Disney By John Taylor. Illustrated. 261 pages.

Actually, the story told in "Storming the Magic Kingdom" is far more complicated, what with the many factions vying for power in the company and the variety of strategies used to fight off hostile acquisition. But Taylor, a senior writer for Manhattan Inc. magazne, down a willed year unique to the forma all \$18.95 Alfred A. Knopf, 201 East 50th does a skilled varu spinner's job of keeping all the threads untangled.

True, he has going for him a story as arche-typal as "The Three Little Figs." On one side were the wolves, the creatures who occupied what Taylor calls "the tiny, incestuous world of takeover mercenaries; men, by and large, at a handful of investment banks, law firms, and public relations agencies, who were sometimes professional adversaries and at other times professional allies, depending on who retained

di.

them in any given battle." On the other side were the keepers of the magic kingdom, who, at least in their view, were nothing less than "a force shaping the imaginative life of children around the world."

Indeed, so naturally does Taylor's narrative unfold that it isn't until near the end that a reader pauses to ask what the deeper point of it all might be. Almost immediately, the author supplies some possible answers. One of the most salient is that despite Wall Street's recent insider-trading scandal, most of the information that gets passed around to the profit of interested parties is perfectly legal. As Taylor concludes: "The battle for Disney anfolded in the manner it did, and assumed the outcome it finally did, because the arbs, brokers, bankers, and lawyers all knew one another. If they didn't all share the same values, they did speak the same language and employ the same frame of reference. They were all insiders,"

For critics of corporate raiders, Taylor suggests, the Disney story illustrates the vast amounts of time and money corporations are forced to waste defending themselves in useless takeover battles. In contrast, defenders of the raiders "have cited Steinberg's takeover at-tempt on Disney as an outstanding example of the useful role raiders play in identifying undesperforming companies and forcing changes which improve that performance."

Some readers will insist that the dubiousness of this latter argument is self-evident from Disney's having gone from producing "Snow White" and "Pinoochio" to putting out such recent films as "Down and Out in Beverly Hills" and "Ruthless People," Others, not so enamored with the classic Disney vision, will respond that the change is just as well.

Taylor bimself draws no final conclusions on this score. Nor does he really need to. He has dug up and toki a story that typifies what is happening in American business today. He has wrung high drama from the financial news, and in so doing has shown us a world we rarely get to see.

Christopher Lohmann-Haupt is on the staff of The New York Times.

# BRIDGE

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have been excellent. RED FACES among de-fenders are often the result of failing to defeat a contract that was easily beatable decide the issue. He made a ace, and West should therefore by cashing winners. Such plays normal heart lead, and East's have led that suit. But it was are childishly easy when look- queen was captured with the not easy. ing at a full diagram but can ace. need careful thought at the ia-.South thought matters over

Solution to Previous Puzzle

ESE RANT ERMINE TIME ANTI MALONE ANTENNAE ALIME MINE GUMM SLAM MIMED BRID

SLAM MINED BRIM TONY ILEX VISTA SWADDLED CAREYS ODDS LAUD BARREN GOAL ERA UFOS EMMENTALER MAME SEAS EMMET

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COMMONROOM

and led the spade queen. East An example is the dia- won with the king, and the granted deal, reported by Al- moment of truth had arrived. Ired Pagan of Westwood, New As many would, he routinely Jersey, from an interantional led a "safe" heart, and South match point game at the Wald- made the slam when the spade wick Club in February. break proved favorable.

tract, when six chubs would the unbid heart suit. It was clear that South held strong Sitting West, Pagan had no spades that he was developing, way to know that an opening The most likely card for lead of the diamond ace would West to have was the diamond

• K733

V053

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XESOAR

NORTH (0) 74 0 Q J 10952 ♦ K Q 10873 WEST 49864 VJ9762 0 A7

queen was captured with the not easy,

JUMBLE, by Henri Amold and Bob Lee	AT TRACKING THINGS, MAUBE ODIE! GET IT!	playing strength, but neverthe- known that a diamond shift SOUTH
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.	Rent in o o stan	less most experts would pass, was essential? hoping to back in later with an East had to assume that his CAK 108 unusual no-trump bid. partner had a high honor
SHOIT		The risk of opening is that somewhere. If he did not, there partner will charge ahead in was no hope for the defense.
	K CP - A MARCA CARACTER	the belief that the opening If West held the club ace, he bidding: promises substantially more was sure to make it. If was North Fart for the
COUNE	- And	high-card strength than he ac- most unlikely that West held 10 Pass 24 Pass tually has. The secure proved the heart king; it would mean 34 Pass 4NT. Pass
	Les and the suit of the suit	this point: South charged into that South had selected six no- six no-trump, B terrible con-trump with only one stopper in . West led the heart six.
DOITUS	Mar Loon Strand Stores More Loon Strand Strand 1/2 Mar 12 Mar Loon Strand Strands More Loon Strand 1/2 Mar 12 Mar Loon Strand Strand 1/2 Mar 12 Mar 12	Conon 767 744 Cosio 950 920 Torrente May 12 Nigh Law Close Che.
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Now arrange the circled fetters to form the suprise answel. as sug- gested by the above cartoon.	Arrester         New         281         270         Nedbook         840         840         840         Machenial         Previous : 6145           Arrester         Noi + Sais         173         194         Russiol         5455         5300         Machenial         Previous : 6145         Previous : 6145           Close         Prev         Sols         555         505         1150         Cerpson         515         517           ABN         493         493         503         122         1150         Sassol         1120         1130         Cerpson         555         555         545	
Answer: "00000" 0001110	American         Number         281         270         Nedbonk         840         840         840         Machenial           Close         Prev         Noit + Sait:         173         194         Russion         5450         5500         1775         National         630         6400         650         660<	Japan Akr Lines         1310         1230         2547         Alborno St         315%         15% </td
IAnswers comproved Yesterday's Jumbles: MANGY SILKY ATTAIN DEFACE Answer: If he's an American and is presented with a	ACE Holoung         6.7 6 170         Altechner Wertu         46.70         47.20         Welkom         3075         3500         Dropados         450         44.70         555         512         Altechner Wertu         46.70         47.20         Welkom         3075         3500         Dropados         450         44.70         47.20         NA         Cold Storage         4.12         Altechner Wertu         46.70         47.20         Welkom         3075         3500         Dropados         450         44.70         47.20         NA         Cold Storage         4.12         Altechner Wertu         40.70         47.20         NA         Cold Storage         4.12         Altechner Wertu         40.70         47.20         Main Mage         Alte Na         Composite Stock Indeu : 2094         Hidroelec. Esp.         64         61         OBS         91.40         92.90	Korwasoki Sieer         Zie Orizari Brewery         Zie Orizari Brewery <thzie brewery<="" orizari="" th="">         Zie Orizari Brewery</thzie>
Answer in hers an Antencan and is presented with a difficult problem, he ends up with these words—"I CAN"	Anold         105         194 CC         Man         165 Man </td <td>Montainsu         6458         6101         Bank BC         24         25         24         25         24         36         37         37         47         36         36         36         36         37         37         47         36         36         36         37         37         37         36         36         37</td>	Montainsu         6458         6101         Bank BC         24         25         24         25         24         36         37         37         47         36         36         36         36         37         37         47         36         36         36         37         37         37         36         36         37
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GRARRAR!

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(AP, UPI)

# **Pirates Are Cashing In on Steadier Bonds**

PITTSBURGH - Barry Bonds, a 22-year-old centerfielder and the son of a former major league star, has been highly touted since join-

### BASEBALL ROUNDUP

ing Pittsburgh carly last season. Until the last 10 games, bowever, he had shown only flashes of brilliance.

But these days Bonds is Pittsburgh's brightest star. He has raised his average 63 points in two weeks, going from .212 to .275, and his three-run home run helped the Pirates rout San Diego, 12-5, here Tuesday night.

As a rookie last year, Bonds heard the comparisons to his father Bobby, to Eric Davis, to Darryl Straw-berry. The trouble, he said, was that he listened --- and wound up batting 223 and striking out 102 times.

Now he's showing signs that he can deliver on what Manager Jim Leyland calls "the kind of talent you don't see every day."

Bonds recently began extra bat-ting drills designed to make him more patient and to keep him from chasing bad pitches. On Tuesday he had three hits and scored four runs.

Winning pitcher Rick Reuschel apparently struck out to end the second inning but reached first when catcher Benito Santiago was unable to hold the 3-2 pitch from Andy Hawkins. Bonds followed with a homer to straightaway center

that gave the Pirates a 4-2 lead. Cardinals 6, Giants 5: In San Francisco, Willie McGee's two-run home run helped rookie left-hander Joe Magrane win his third straight decision as St. Louis edged shead of Chicago and into first place in the National League East, Dodgers 7, Cubs 0: In Los Ange-

les Rick Honeycutt pitched his first shutout since he beat Houston, 1-0, on April 17, 1984.

Astros 5, Phillies 2: In Houston, Jose Cruz doubled home two runs to highlight a four-run first that helped the Astros end a three-game losing streak.

Braves 5. Expos 2: In Montreal. pitcher Zane Smith hit a three-run double and registered his fourth

straight victory. Mets 6, Reds 2: In Cincinnati, rookie David Cone threw a fourhitter for his first major-league victory as New York snapped a fourgame losing streak. Cone's complete game was the fourth of the year for a staff that notched 27 last season.

Orioles 10, Twins 7: In the American League, in Baltimore, Fred Lynn hit a bases-loaded home run in the eighth to forge a 7-7 the and Larry Sheets ended the game in the ninth with a pinch-hit, three-run shot, in a 14-year career with Boston, California and the Orioles, Lynn is batting 328 with 33 homers and 111 RBIs in 129 games against Minnesota. "It really doesn't matter who they have over there," he said. "I've faced guys I've never seen be-

SCOREBOARD

never see them again."

waukee, rookie Terry Steinbach York, Willie Randolph singled land, Larry Parrish hit a three-run drove in four runs with a triple, home Wayne Tolleson from second double and a single to lead a 17-hit with two out in the 13th to hand RBIs with a home run and a single attack that sent the Brewers to their Chicago its sixth straight defeat.

Kansas City won for the seventh fielder Mike Greenwell threw the two-run double to spark a rout of time in nine games and moved tying run out at the plate to end the California.

tional League mates,

fore and get home runs and then from fourth place to first in the game as the Red Sox ended Seat-Athletics 10, Brewers 8: In Mil-

seventh straight loss. Royals 3, Bine Jays 1: In Toron-ton, relievers Joe Sambito and Wes

Western Division. Yankees 5, White Sox 4: In New

**Pitcher Gooden Passes a Minor Test** 

By Thomas Boswell

NORFOLK, Virginia - Dwight Gooden

couldn't skep much Monday night, thinking about Tuesday night's game against the Richmond Braves. The great New York Met right-hander, in

his first game since undergoing 28 days of cocaine rchabilitation, wasn't worried about facing Trench

Davis, Bean Stringfellow or any of their Interna-

It was the crowd he couldn't get off his mind. "I was hoping I wouldn't get booed," said the 22-year-old. "I didn't know how they would react to

me. I knew it would be a home crowd, but you

never know until you go out there. I haven't heard cheers in a long time. They felt good."

The seliout Tidewater Met crowd of 6,128

cheered when Gooden walked onto the field half

as Texas spoiled Steve Carlton's Red Sox 3, Mariners 2: In Bos- first start for the Indians. Tigers 15, Angels 2: In Detroit, to, rookie Bill Pecota went 4-for-4, Gardner pitched out of seventh- Darnell Coles ended a 4-for-64 including a bases-empty homer, as and eight-inning jams, and left slump with a two-run homer and a

an hour before game time. It gave him a standing ovation as he took the mound. And it rooted for all

39 of his pitches (24 for strikes) as he worked three

shutout innings, permitting only one misjudged-

winner was not the strikeout master who earned

the nickname Dr. K in Shea' Stadium. He threw

only six curveballs and never got a change-up over the plate. Only one Brave struck out and few of the

dozen hitters looked overpowered, even in twilight

conditions. But the radar gun clocked his fastball

at 95 mph (153 kph) twice in the second inning. By the third, he'd failen into the 80s, although his last

and-in drop that the left-handed hitter looked like

he was trying to put out a flaming rug with a bat. Said Dave Pavlick, the Mets' roving minor-

It was Gooden's first positive experience in

some time. He lost twice in the 1986 World Series

and missed the victory parade the day after the Mets became world champions. In the offseason

he was arrested and beaten during a confrontation

with hometown police in Tampa, Florida. He end-

But Tuesday evening, warm and cloudless, was

as simple and pristine as a scene from "The Natu-

ral." Tidewater's first sellout crowd since opening day even implored Manager Mike Cubbage to let

Gooden bat after his prescribed three innings of

work were finished. Gooden did - and struck out,

grinning sheepishly. The only other time he smiled

was after he bounced an easy throw to first base-

For this Triple-A town, Gooden's appearance

was a special occasion. More than 100 members of

the national media used a press box with one

phone. Fans bought every ticket within five hours

after they went on sale Monday at 9:30 A.M. The

first fan in line had been there since Sunday night.

for 40 minutes," said Tidewater's general manager,

Dave Rosenfield. "Thank goodness Gary Hart didn't quit today or nobody would be here."

face Dwight Gooden again," said Richmond's manager, Roy Majtyka, meaning they'd never make the majors. "For some of them, it could be the highlight of their career."

Cubbage came to the ballpark early, got out a

lineup card and carefully wrote Gooden's name in

the No. 9 slot before he'd written any other name.

"Damn, that looks good," he said.

"Some of these guys on my team will never get to

'It's great being the media capital of the world

ed up pleading "no contest" to resisting arrest.

The 1985 National League Cy Young Award

flyball hit and two walks.

pitch of the night was 93.

spring training.

man Clint Hurdle.

tle's four-game winning streak.

Rangers 6, Indians 1: In Cleve-



Corralling Xavier McDaniel, Akeem Olajuwon (left) and Rodney on. "We got one-upped in Oak-land," Cooper said. "We decided to McCray scored 26 and 24 points, respectively, to trigger Houston. play cooler tonight. From now on,



Ivan Lendi: Vis-à-vis Borg, a stereotyped game only marginally less interesting and an on-court countenance no more impassive.

# **Tennis Recovers From Its Post-Borg Malaise**

Basketball

National Basketball Association Playoffs

# Baseball

Tuesday's Major League Line Scores

By Richard Evans al Herald Tribune 

 AMERICAN LEAGUE
 Howkins, Lefterts (61, Dovis (81 and Southon Southong)
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 Incre is something ues to sing the owede's praises
 nos stony on-court countenance is peet that the spiraling hoom of the no more impassive. Off the court, carly 70s would continue unaba-to and add to 0 =-5 9 1
 Howkins, Lefterts (61, Dovis (81 and Southon Southong)
 Not quite right about the legacy
 Whenever they meet in exhibition
 nos stony on-court countenance is peet that the spiraling hoom of the no more impassive. Off the court, carly 70s would continue unaba-to more impassive. Off the court, carly 70s would continue unaba-biorn Borg left professional tennis

 New York error to 15 peet that the spiraling hoom of the retired so prematurely what subjective answer to the prob-to rung scores (13) and Korkovice, Fisk (19); Niekre, Ataarta
 KOML — There is something ues to sing the owede's praises
 nos stony on-court countenance is peet that the spiraling hoom of the no more impassive. Off the court, carly 70s would continue unaba-biorn Borg left professional tennis

 Note with the spiraling hoom of the retired so prematurely what subjective answer to the prob-to four years ago. The great Swede lem, and points the finger firmly at
 his stony on-court countenance is peet that the spiraling hoom of the no more impassive. Off the court, carly 70s would continue unaba-tend is far more expansive — a ted, or that graphine rackets would bearty joke teller who has thrown need replacing as often as wooden house the prob-toury years ago. The great Swede lem, and points the finger firmly at

 ROME — There is something usa 110 000-s a 2 four years ago. The great Swede, lem, and points the finger firmly at who worked a near miracle by win- the current leader, Ivan Lendl. ning Wimhledon five successive years with a suspect volley, bas left now because they couldn't care less a void difficult to fathom. Despite his Wimhledon tri- that piercing directness that makes umphs he was not, by the strictest the faint-hearted wince. "The way standards, a great grass-court play- he bas worked to make the most of er. Nor in any sense could his per- what he has is admirable, but nosonality be matched against that of body cares. I know I've shocked impishly eccentric Ilie Nastase or people and that there are those who finalist, Michael Pernfors, has it to Despite the valiant efforts of that of John Newcombe, a racket- think I set a had example to kids. a startling degree; to an extent not Tim Mayotte, a troubled McEnroe wielding forerunner of Crocodile but at least I create interest. Lendl Dundee. Although entirely person- creates nothing, and he's No. 1." able, Borg was just a little boring -- McEnroe readily admits that the more to himself than to others. antipathy between them is likely to Playing as he did, grinding it out cool off once they are no longer in from the backcourt, he virtually direct competition (McEnroe even bored himself into retirement. So why do we miss him so? Why Connors these days). But even if his ting it in droves. Strangely, the op-grand prix tournaments consistentdo people on the periphery of the thinking were not colored by rivalgame, who were totally caught up ry, the kernel of truth in his statewith it in Borg's era, now express a ment would remain. feeling of diminishing interest? Even Yet where is the logic? Lendi's television ratings: despite the to join their manufacturing col-

> Compiled by Our Staff From Dispatches PHILADELPHIA - The Mon-

treal Canadiens on Tuesday redis-

and stayed in front to earn a 5-2

victory over the Flyers. "Getting the lead was vital," said

not going to talk about, but getting

the lead was part of it. That's impor-

Until this year, only two teams

teams in the NHL are playing."

meter) from the left circle.

down by three games to one in the ahead, best-of-seven Wales Conference 14:48, playoff finals, the defending Na-Mon

covered the importance of the early a pass and poked it between goalie

lead. After dropping two games to Brian Hayward's legs. Defenseman

Philadelphia at home and going Larry Robinson put the Canadiens

"We

John McEnroe, who succeeded Borg stereotyped game is only marginal- mouning of the U.S. tennis equipas world No. 1, feels it and contin- ly less interesting than Borg's, and ment industry - did it really extony ou-co

Lakers Advance in West; **Rockets Win to Stay Alive** 

Computed by Our Staff From Disputches fNGLEWOOD, California -Reaching the conference final signals a great season for most National Basketball Association teams. For scored 24 points, had 11 assists and the Los Angeles Lakers, it's routine. The Lakers reached the Western Conference final for the sixth straight year Tuesday night after

### NBA PLAYOFFS

disposing of the Golden State War-riors, 118-106, capturing the bestof-seven series in five games. Meanwhile, Houston downed Seattle to draw to within 3-2 in the

other conference semifinal. There have been no surprises." said guard Magic Johnson. "We are where we expected to be." Los Aneles got there with a balanced ofensive attack - James Worthy had 23 points, Johnson added 19 points and 13 assists, A.C. Green had 20

points and Michael Cooper 17. Guard Eric Floyd, who had 51 points in the Warriors' Game 4 victory, was held to 18 on 7-of-17 shooting as Cooper, honored before the game as the NBA's defensive player of the year, kept the clamps

we're going to just play basketball and be the silent assassins." Rockets 112, SuperSonics 107:

In Houston, Rodney McCray pulled down 10 rebounds to help the Rockets keep alive their hopes of a second straight conference litle. The winners' Akeem Olajuwon added 26 points.

Houston jumped in front in the first quarter and held a 59-38 lead with 5:25 left in the second quarter before Seattle shut off the Houston running game and pulled to within 66-56 at halftime.

"I thought we played well at the start, but Seattle wouldn't settle for that," said Bill Fitch, the Houston coach. "The McCray's individual effort was outstanding. The mistakes he made were from fatigue."

McCray played all but one minuse of the 48-minute game. "There's only one month left in the season," said McCray. "I'll get plenty of rest later."

Seattle out the deficit to 89-86 going into the fourth quarter and took its first lead, 97-96, on a 3pointer hy Tom Chambers with 7:11 in the game. But Olajuwon hit a basket with 4:15 left, and the Rockets never trailed again. (UPI, AP)

CONFERENCE SEMIFINALS TUESDAY'S RESULTS May 13: Milwoukee at Boston x-May 15: Baston at Milwook x-May 17: Milwoukee al Bast

West 22 34 38 21-197 Sectine 22 54 34 21-112 Mauston 15 31 23 23-112 Olajuwan 19-15 4-12 24, AccCrav 9-12 6-7 24; Etils 12-22 2-7 23, Chambers 4-16 4-7 15, Re-baunds: Sectific 48 (Chambers 4-16 4-7) 15, Re-baunds: Sectific 48 (Chambers 4), Houston 56 (McCcray I&L, Assista: Sectific 26 (Johnson 4), Houston 27 LACCROY 11), 29 73 28 29-106 Golden Store

LA. Lokers 23 23 34 19-118 Worthy 5-11 5-8 73. Graco 8-134-629; Short 9-2 -3 20. Floyd 7-17 4-4 18. Rebounds: Golden Stote 56 (Smith 23), Los Angeles 59 (Abdul-Jabor 9), Assists: Golden State 20 (Floyd 11), Los Angeles 25 (Johnson 13).

### NBA Playoff Schedule

EASTERN CONFERENCE SEMIFINALS May S: Baston 111, Milwoukee 98 May 4: Boston 126, Milwaukee 124 ee 126, Beston 121, OT May 18: Boston TSA. M aukoe 137, 20T

### Transition

### BASERALL

BASEBALL Americal Leopus BALTIMORE—Recoiled Mike Youns out-letter, and Jack O'Concor, alther, from Rochester of the International Leopus Seni Netson Stimmons, autifielder, and Mike Kin-Aman, Betcher, In Rochester, CLEVELAND—Traded Dove Gallostior, autifielder, ito Sectile for Mark Hubmann, officer, Seni Frank Wills, adcher.out/light b Butikol of the American Association. MIL Walling E Californ Frank Willes, short-MILWAUKEE-Sent Ernest Riles, short-

MILWAILKEE—Sant Ernest Riles short-stop. to El Paso al the Texas League an the 20-der resolutivitation program. OAKLAND—Purchased the contract of Bri-an Harper. Infielder-outHolder-catcher. and assigned him to Tocoms of the Pacific Coast League. Placed Jerry Willard. catcher, on the 15-day disabled list, Recalled Alas Sanchez. Alifades: from Tocomb.

fer, from Tocomo. SEATTLE - Activoteo Steve Shields pilch I-day claabled list, Assigned r, outlicider, to Calgory of the r. Irom the 21-day diag

allaghar, contra Caast Leogue. National Leogue to Jarry Revas. pinch CINCINNATI-Sig

### Hockey

# NHL Playoff Semifinals TUESDAY'S RESULT WALES CONFERENCE 2 2 1-5 1 1 0-2

Mastreat 2 2 Polladepoin 1 1 4-2 Polladepoin 1 1 4-2 a. Smith (S), Robinson (2), Ladwis (2), Car-borneou (3), Lomieus (4): 11. Smith (5), Mel-lantby (3), Shofs en each: Mantreal Ion Hen-tall (6-4-11-30; Philodeipoing fon Hayward) 9-13-4-26

### NHL Playoff Schedule

WALES CONFERENCE FINALS WALKS CONFERENCE FIRELS May 4: Philodelphia 4, Montrad 3 (07) May 6: Mantreal 5, Philodelphia 2 May 8: Philodelphia 4, Montreal 3 May 18: Philodelphia 4, Montreal 3 May 12: Montreal 5, Philodelphia 2 May 12: Montreal 5, Philodelphia 2 x-May M: Philadelphia al Montre May 14: Montreal of Philadelph CAMPBELL CONFERENCE FINALS

May 5: Detroit 3. Edmonton 1 Mary 7: Edmonton 4, Detroit 1 Mary 7: Edmonton 2, Detroit 1 Mary 11: Edmonton 3, Detroit 2 Mary 13: Detroit at Edmonton 1-May 15: Edmonton of Detroil 1-May 17: Detroil of Edmonton Or-If necessory1

x-May 12: Alterative a Basion alary 3: Detroit 112, Atlanta 111 May 3: Atlanta 115, Detroit 102 May 12: Detroit 104, Atlanta 40 May 13: Detroit 27, Atlanta 40 X-May 15: Atlanta at Detroit x-May 15: Atlanta at Detroit x-May 17: Detroit at Atlanta WESTERN CONFERENCE SEMIFINAL May 2: Septtle 111, Houston 106, OT May 5: Sectile 19, Houston 17 May 7: Houston 102, Sectile 64 Mary 5: Sectile 44, Houston 57 Mary 7: Houston 102, Sectile 64 Mary 7: Sectile 117, Houston 102 Mary 12: Houston 112, Sectile 107 s-Mary 4: Houston at Sectile s-Mary 16; Sectile at Houston Mary 5: LA Laters 125 Galden State 116 Mary 7: LA Laters 125, Galden State 101 Mary 9: LA Laters 134, Galden State 101 Mary 9: LA Laters 134, Galden State 108 Mary 13: LA Laters 118, Golden State 104 (x-# 20

er. Optioned Stil Londrum, sticher, to Hash-ville of the American Association, ST.LOUIS-Optioned Gree Mothows, Nich-er, to Louisville of the American Association. Coles (1), Heath |41. Activated Tommy Herr, second baseman from the 15-day disabled list. Sent Ken Day ley, plicher, to Louisville for 20 dove of inlury rehablication. BASKETBALL National Basketball Association PHILANELPHIA-Signed Matt Guokos.

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**Dwight Gooden** 

"... I haven't heard cheers in a long time."

Cacch, to a two-year contract. FOOTBALL National Poolbal League INO IANAPOLIS-Wolved Mark Schellen, running back; Jar Carroll, Helf end, and Ron Foural, detensive end. NEW EHGLAND-Staned Dister Heren and Gase Maans. Inschadedart: Karlin Hollar,

and Greg Moore, linebockers: Kevin Holley, defensive lineman; Pete Hibler and Alon Her-New York Cincinneti Conv and Cor detensive lineman; Pete Hister and Alan Har-line, runners; Darry Holmes, detensive bock, and Kirk Jones, running back. SAH FRANCISCD-Wolved Renule Bern and Jac Cormier, wide racelwars; Eivis But-ler, detensive end; Dirk Nelson, punter; Vance Pike, center; Rich Speimän, place-kacker; Eric Stokes, offensive tockle; Ran-doli Wabster, inebocker, and Robe I Weir, defensive tockle. Signed San Kennedy and Kevin Dean, Buebockers, and Tony Glodney and Scot Mayaord, wide receivers. SEATTLE-Signed Duffy Cobbs and David SEATTLE-Signer bothy could did be Holdis, comerbooks; Eric Nomithian and Eric Modes, wide ractivers; Michael Calleway and Victor Perry, attensive lackles; Ron Bohm, defensive end, and Tray Hendrik, run-Taronto Bolfimore back. HOCKEY National Hockey League Baston PITTSBURGH-Anapunced It has dropped Detrait Baltimore at the American Hockey League as Clevela s minor league attilicte. COLLEGE Konsos City COLLEGE Konsos Cit NCAA-Placed the Brooklyn College bos-ketoall program on son-year probalion for recruiting violations and failure to reset obti-Minnesota gations of moving from Ilivision III to Oivi-Cakland Lion I. Texps CLARION—Nomed 2(II Miller women's Chicogo

swimming coach. HOLY C ROSS—Named Robert Surette soc-NATIONAL LEAGUE er cepch. HOUSTON-Announced the appointment of HOUSTON—Announces in the St. Louid Keith Fergus of solf cooch. Chicago HUMBOLDTSTATE—Named Chories Lin-Moninedi Anony of the lic director. Montredi MARYLAND-Nomed Lewis Perkins off-here director. Signed Rich Grower, baskel-ST. LOUIS-Signed Rich Grower, baskel-Pillodelohia

ball coach, le a three-veor control, SAMFINRD-Nomed Es McLeon posket- San Francisco bell cooch. TRENTON STATE—Named Kevin Mc-Hugh othietic director, effective June 20. WISCONSIN-STEVENS POINT—Namod Allanfu San Olean Bob Porker bosketball cooch.

 
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 5milh, Dedman 17), and Virgiji, Toronsen (8) and Filz-geraid. W-Smilh, 4-1, L. Herredia, 0-1, Sv-Dedman 12), HR.-Ationia, Virgiji (7).

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 Dedman 12), HR.-Ationia, Virgiji (7).

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Detroil 413 628 673-516 4 Lugo, Luczs (3], Finley Iál and Boone, Miller 171; Petry, Henseman (8) and Heath, W-Petry, 1-3, L--Lugo, 0-2, HRs-Detroil, Golf Coles (1), Heath [41, Kassas City 278 808 880-3 11 8 Bleck, Guisenberry [9] and Owen: Caruttl, Nunez [3], Cichihorn [6], Henke [8] and DeWillis, W-Black, 2.6, L--Cerutti, 1-1. Sw-Guisenberry [3], HR-Kansos City, Pecoto CThrough May 101 Tm I. Poul Azinger 2. Payne Stewort 3. Mark Colarveci 4. Corav Pavin 5. Ben Crenshow 6. Lamy Walkins 7. Hol Sutton 8. Larry Miss 9. Fred Cauples 10. Rembered Lange 029 005 300-10 17 1 005 072 040- 0 17 2 12 13 14 \$444.450 \$444,450 \$371,152 \$341,872 \$324,899 \$314,832 \$296,629 \$281,357 Milwaykee 001 072 040— 8 17 2 Stewart, Neison 161, Ontiveros 181, Howeil (8) and Steinbach; Birkbeck, Johrson 12), Mirabello (5), Sofie 161, Crim (7) and O'Brien, W—Stewart, 43, L—Mirabello, 21, Sv—Howall 141, HRs-Ookland, Davie 181, Milwaukee. 11 \$263,195 13 \$257,495 11 \$257,488 19. Bernhard Langer NATIONAL LEAGUE SCORING 1, Fred Couples, 10.10. 2, Ben Crenshow, 70.15. 3, David Frost, 70.17. 4, Payne Stewart, 248 500 608-6 11 0 080 860 629-2 4 1

 
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 70.21, 5, Greg Norman, 70.28, 6, Lanny Wadkins and Paul Azinger, 70.35. 8. Semihard Langer, 70.43. 9, Hal Suttan, 70.57. 10, Marik Colcovec-AVERAGE DRIVING DISTANCE I, Davis Love 111, 278, 9, 2, Greg Normen, 277, 9, L Joevis Loval III, 278.9. Grees Normon, 271.6. J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Normon, 271.6. Machine J. Joevis Loval III, 278.9. Grees Norman, 271.6. 
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 Frost, 178. 8, Roger Maitble, Jas. 9, John Mo-hoffer, Jaz. 10, Curtis Strange, Jaz. GREENS IN REGULATION 1. Hal Sutton, 736. 2. Kenny Parry, 729. 3. Richard Zokol, 716.4. Mark McComber, 714.5. ,213 11

John Mohality, .712.6, Tam Wotyon and Bruce Lietzke, .712. B. Frad Couples. .708, 9, Ben Cres-show, .703. 10, 3 Ted with .479, PUTTS PER GREEN vision 16 13 .552 — 18 13 .545 — 18 13 .545 --18 15 .545 -ries Thursday night at home. If 1, Ken Brown, 1,738, 2, Nick Price, (.346, 3, Lonny Wadkins, 1,747, 4, Gres Norman and 17 15 531 ½ 15 17 ,449 2½ 13 14 ,448 3 18 19 ,345 6 they do, the series will return to Philadelphia for a seventh game Mark Calcovecchiz, 1748, 6 Don Poolev, 1753, 7, Ben Cresshow, 1754, 8 Poyne Stewort, 1800 Aoki and Fred Coucles, 1756 PERCENTAGE OF SUB-PAR HOLES Saturday night. Bark Convecting, 200. 2 Fred Couries,
 GR 200. 2 Cortis Stronge, 204. 4 Mike Sullivan and Hai Sutton, 202. 6 Bernhard Langer and Ben Cremshow, 200. 6 Poul Asinger, 219. 9,
 201 Phil Blackmar, 215. had recovered from 3-1 deficits in 70 years of Stanley Cup play: in 1987, Detroit and the New York W L Pol. OK 17 13 567 --18 14 563 --15 14 484 753 14 16 467 3 13 16 445 252 11 19 367 6 Islanders did it in earlier rounds. BIRDIES "We're certainly cognizant of that," said Smith. "We know it can

 BIR DIES
 I. Mark Calcovechio, 211.2, 8 on Creation, 23.2, 0 or Stronge, 32.4, Free Cooples, 198.
 S. Curt Stronge, 32.4, Free Cooples, 198.
 S. Curt Stronge, 32.4, Free Cooples, 198.
 S. Curt Stronge, 32.4, Free Cooples, 198.
 We're certainly cognizant of that," said Smith. "We know it can he done if you're a better team than the one you're playing."
 The Flyers tied the score at 12:37
 J. Dove Rummelts, 2.2, Fuzzy Zoeller, 2.3.
 Davis Love III and Romale Block, 7.5.13 lied with 4. Islen 21 12 J36 — 29 12 A25 ½ 10 15 J37 2½ 17 14 J48 3 16 14 J80 4½ 8 26 J35 13½

"People care less about the game found impossible. And yet... about LendL" says McEnroe with There is, of course, a chemistry often irrational public response. Borg, Connors and Nastase, three vastly different personalities, all

**Canadiens Avert Elimination** 

NHL PLAYOFFS

Montreal sealed its victory with

had it. Last year's French Open

ree points out, Lendl is No. 1. posite is true.

the game.

Defenseman Craig Ludwig defeat. "We know that we're a bet-

way of life in a manner that Borg, watch the game than ever hefore. who sold his New York residence, That's not only true in Europe

where over a three-weeks period last fall (the sport's offseason, if there is in some performers that stirs an one) more than 300,000 people attended tennis events in Paris, Stockholm, Antwerp, Düsseldorf and Florence, but, against all logic, in the United States as well,

yet defined, so too does Boris and a fading Connors are still the Becker. But Lendl, through no fault two best U.S. players - which says of his own, doesn't And, as McEn- little for the quality of the upcoming generation in what, increasing-All this might suggest that Ivan Iy, is supposed to he a young peris quite terrible, that the game is in son's game. With the U.S. Open osite is true. Iy dominated by Swedes, Czechs, Despite the slight feeling of mal-West Germans and Frenchmen. aise; despite the drop in American one might have expected promoters leagues in a mutual suicide pact.

Yet the facts keep defying reason. Sponsors keep knocking at the door: prize money, having ignored recession, keeps rising ahead of inflation and attendance figures simcorner off a Philadelphia skate at ply grow and grow.

13:48. Scott Mellanhy momentari-Charlie Pasarell was told he was excited the sellout crowd of crazy to huild a 10.500-seat stadi-17.222 with a goal 48 seconds later urn at Indian Wells, in the middle to make it 4-2; Montreal's Claude of the California desert. Yet the Larry Robinson put the Canadiens ahead, 2-1, on a power-play goal at event in February. Coach Jean Perron said the Caa-

The World Championship Tennis tional Hockey League champions two goals in a 19-second span of adiens were determined to come finals in Dallas are supposed to have back from Sunday's lackluster 6-3 lost their importance since being inlost their importance since being incorporated into the grand prix, but scored on a 2-on-1 hreak with Rob- ter club than we showed in the last month more than 16 000 inson at 13:29, and Guy Carbon- fourth game," Perron said. "We watched McEnroe play Stefan Edwatched McEnroe play Stefan Edberg - the largest Friday night crowd in the event's 17-year history. ,

Last weekend, East Coast fans maintained the trend when Becker lost to the eventual champion, Andres Gomez, in the semifinal of the Tournament of Champions at Forest Hills, New York. The stadium, which used to house the U.S.. Open, set an all-time attendance record of more than 14,000.

Cup rings, contributed three assists In Rome last week, Italians even as well as his goal Tuesday night. buried their chauvinistic tendencies But he refused to see himself as the and turned out in record numbers key. "This isn't a one-man game. We to watch the women, and if you. pride ourselves that 20 men come to haven't secured a ticket for the work every night," Rohinson said. French Open, which starts at Stade "When you're down 3-1 there's not Roland Garros on May 25 with an much to be said. We dug a big hole intriguingly diverse cast wing for for ourselves. Now we're digging Lendl's crown, forget it.

tion," said Hayward, who stopped 24 shots, "We're still one game away left behind is not as potent as some from being eliminated." (AP. UPI) would have us believe,

Perron said that after the Flyers

"This doesn't call for any celebra-

So where's the problem? Or is: there one? Perhaps the afterglow of nostalgia and regret that Borg has

. 

"We quit. Not on purpose. But that goal took a lot of spirit out of us. Our bench was almost dead. 1 didn't like it." 5 Robinson, who has six Stanley ourselves out,"

made a change tonight, which I'm tant when the two best defensive The Canadiens can even the se-

beat ourselves. Tonight we didn't. We kept 3-on-1 and 2-on-1 breaks Bohby Smith, who put the Cana-neau on a shot from the left wing diens ahead on a 25-footer (7.60to a minimum. When we do that we're a tough elub to beat." scored their fourth goal on Sunday.



# **ART BUCHWALD Give for the Contras**

WASHINGTON - According to the House and Senate com-sure what we do." mittees investigating the Iran-contra affair, most of the money raised dent, too? for the contras came from private

ers operated. tribution to the Low Channel Freedom Fighters Foundation?"

"What do you do?" "We perform deeds of mercy in the hills of Nica-

ragua, while Congress ignores the Communist threat from Russia and Cuba." "Will this money go to kill

Sandinistas?" What a question. Every \$1,000 is used to Buchwald

replenish needed food supplies in the boondocks." "How can 1 be sure the funds are going where you say they are?" "We send you the tops off every

six-pack of beer that is delivered to the countryside. In that way it makes the war much more person-

П "If I give to the contras, will I get to meet President Reagan?" "It goes without saying. The White House is open day and night

to anyone who supports the foundation. We have our own man there and he will arrange for your picture to be taken with President Reagan, or the entire Cabinet if it's in session. The president is very interest-

### **Giacometti Sculpture**

Sold for \$3.63 Million

New York Times Service NEW YORK - Alberto Giacometti's "Large Female Standing IL" a 107-inch (270-centimeter) tall bronze figure of a woman from 1960, was sold Tuesday night from Baron Lambert's collection at Christie's for \$3.63 million, the highest price ever paid at auction for a sculpture.

The figure was one of three by the Swiss artist that were sold. The smallest figure, a 92-inch sculpture, brought \$2.53 million and the middle-sized woman, at 105 inches, was sold for \$3,08 million,

"Do I get to meet the vice presi-

"You don't even have to ask. The sources. This is how the fund-rais- vice president is more anxious to meet you than you are to meet him. "Would you care to make a con- Of course later he'll deny he saw you, but it will be a moment you'll never forset."

"Besides meeting the president and vice president, what else do I get for my money?"

"You will be personally briefed by a U.S. marine officer named North who knows about everything that takes place in Central America and any other hot spots in the world. He'll tell you which contras require bread, which ones are out of beans and who needs aspirin, We want our donors to know where every nickel is going." п

"If I contribute will I become part of what you're doing?" "You are a part of it now. Your

check makes you a benefactor in this war or any other war in the bemisphere." "Is there anything else my dona-tion entities me to?"

"If you would like to go down and kill some Sandinistas in the bush I can arrange it." "I'd rather have my money do

my talking for me. Say, are you really sure none of it is for guns?" "Would the president of the United States get involved with a foundation that is trafficking in

arms?"

varting.

"Maybe he doesn't know." "How can the president not know what is happening in his own White House?

I said, "Mr. Reagan doesn't know a lot of things. That's why he's such a good president."

"Did I tell you that your contribution is tax deductible?" "Why is it tax deductible?"

"We inform everyone the money is going for Kleenex and dog food. What we do after that is nobody's business." "That's fantastic. Put me down for \$5,000."

"Thank you, Here's a pass for the Oval Office. Just tell the president's side you made a contribution to our foundation and he'll usher you right through without

AMSTERDAM - Harry Mu-hisch lives and works in a comfortable apartment in the center of Amsterdam. At 60 he looks very much the successful author, rather than the 1960s personality who spoke for Amster-

dam's nonconformist crowd in books like "Report to the Rat King," "In Memory of Che Gue-vara," and "The Sexual Bulwark," a psychological study of Wilhelm Reich.

By Jonah Raskin

More than any other contemporary Dutch writer Harry Moisch has articulated the moods of several decades and several generations. He has had an uncanny ability to tell his readers how and what they are feeling before they themselves seem to know. And more than any other Dutch author Mulisch has an international reputation. In the United States he is best known for his 1982 novel "De Aanslag," which was translated into English as "The Assault," published by Pantheon

in 1985. "A cool brilliant modern hor-ror story," Mary McCarthy wrote. "Brilliant," John Updike

exclaimed. "Among the finest European fiction of our time," Elizabeth Hardwick declared.

Fons Rademaker's film of Mulisch's novel, the 1987 Oscar winper as the best foreign film of the year, has added to the author's reputation. But the accolades from Hollywood probably won't alter an anthor who is firmly set in

his ways. World War II is still the pivotal event in his experience. It is still the war and it continues to send tremors across the embattled landscape of his memory and imagination. In 1962 Mulisch covered the Eichmann trial in Israel and wrote about it in "Case 40/61." In the novel "The Stone-Bridal Bed" be mapped the con-

tinuing reverberations of World. War II on two men, a Dutch war criminal and an American pilot who participated in the bombing of Dresden, And in "The Future of Yesterday" be offered a frightening picture of what might have happened if Germany had won World War II.

worked with anti-fascist organizations. My father was a prominent banker who collaborated with the "The great difficulty in writing Nazis. My mother's Jewish friends had to wear the yellow about the war is that in the same measure that you reveal it, you



Harry Mulisch's Assault on World War II

hide it," Mulisch said. "Because to know the essential thing about Mulisch's parents separated, then divorced, and his mother the war it is essential that you know noshing about the war. Tomoved to the United States, evenday we can read the history books watch the films, learn the tually settling in San Francisco. Mulisch visits her often. facts. But at the same time we know far less because the main Mulisch's father, a stern discithing about being in the war was

plinarian, was his sole parent durthat we knew nothing. We lis-tened to German radio but we ing World War II, a period the author remembers now with both horror and nostalgia. The mili-tary curlew meant that no one couldn't believe it. We heard rumors that the Allies had landed but we couldn't be sure they were was allowed in the streets after true. We read the anderground dusk or before dawa. During the newspapers issued by the Resis-tance and we wanted to believe day it was too dangerous to go out, or to attend school." Too they were true, but we couldn't be young to be drafted into the army, certain about their reports eiand not old enough to be accepted by the Resistance, Mulisch stayed at home reading adventure

Harry Mulisch was born in novels and thumbing through 1927 and grew up in Haarlem. "It was only much later on when I American magazines. began to tell people about my

"German radio told us that" America Awas ruled by thugs and gangsters," Mulisch said. "How wonderful I thought! I wanted to "My mother was lewish and be a gangster! In those days evcrything was simpler. The United States could do no wrong, America was heaven. Germany was hell sinated by the Resistance. Mu-Fulbr. The Americans were the good lisch shows how World War II. gium.

star. My father's associates wore guys, the Germans the bad guys." the swastika of the Third Reich." When Holland was liberated. When Holland was liberated, Mulisch's father was jailed as a Nazi collaborator. "I visited my father every few weeks, and we maintained contact, but the war was a personal liberation for me, aberation from my father,"

> Mulisch moved from Haariem to Amsterdam, and began to write poetry and short stories. And yet for all the distance he put between himself and his father, Mulisch still seems to be emotionally linked to him. Mulisch has only to peer out the rear window of his . iving room to see the prison where his father was incarcerated in 1945.

> The antobiographical element adds a compelling dimension to his fiction, especially to "The As-ssult," where the relationship between fathers and sons, older men

ton's father is murdered by the Nazis. Fake's father Ploeg, the assaults Anton, how it stalks him and how he finally comes to terms with it and exorcizes its ghosts. "The Assault" is by far Mulisch's most popular nevel. In the Netherlands alone it has sold more than 350,000 copies. Though he intended no message, Mulisch stirred up painful memories. "Perhaps if we remember the atrocities of the past we may not be condemned to repeat them," he said.

In the rest of Europe, too, the book has been widely read in the East and the West, highly regarded in both Pragne and in Paris.

Mulisch has not rested on his laurels. He has published two more novels -- "The Comeback," about the return to the stage by an old actor, and "The Pupil," in which he again makes dramatic use of World War II. For all his concern with the

past, Harry Mulisch is remarkably preoccupied with the future, with human survival in the wake of destructive technology.

In "The Assault" Mulisch describes a man who seems to "step out of another century." The main character observes him carefully:

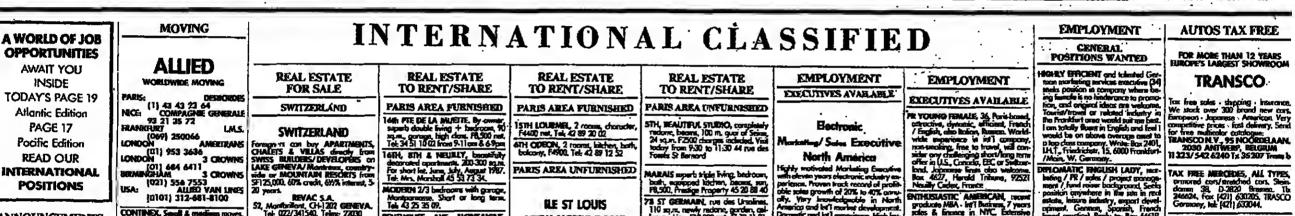
"The man had one end of a pole several yards long attached to his waist, while the other end was fastened to the prow of a barge. Walking with heavy steps, he. pushed against the pole and thus moved the boat through the water. At other times the man remained on deck and walked forward along the side of the barge, dragging the pole behind him through the water. When he reached the bow, he planted the stick sideways in the bottom of the canal, grasped it firmly, and walked backwards, so that he

poshed the boat forward beneath his feet. This specially pleased Anton: a man walking backwards to push something forward, while staying in the same place him-

. The image captures the essence and younger men, is so important. of Mulisch the writer. Standing firmly in place, he reaches back In "The Assault" two young into the past and propels his read-butch boys lose their fathers. Aners far into the future.

chief inspector of police, is assas-sinated by the Resistance. Mu-Fulbright scholar teaching in Bel-Jonah Raskin is an America

last month because of illness.



family that I began to realize how strange it was," Mulisch said.

### PEOPLE

Congress Urged to Bar Coloring of Film Classics Woody Allen and other film artいたいがいらますがいという

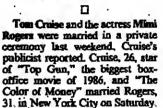
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ists urged Congress on Tuesday to outlaw what they called mutilation of black-and-white movie classics by those who splash color on the familiar shades of Humphrey Bo-gart's dinner jacket and ingrid Bergman's teary cheeks. Allen joined the actress Ginger Rogers and the directors Sydney Pollack, Milos Forman and Elliott Silverstein in asking a Senate subcommittee to help protect American film artists. Their testimony came as part of their lobbying to extend copyright laws to govern what can be done with old movies.

The Benedictine monk Stanley L. Jaki, a Roman Catholic priest and professor at Seton Hall University in South Orange, New Jerscy, who was honored for his writings on science and faith with a . \$365,200 award, said he was able to say so much because for a decade he could not speak and had time to think and write. The Hungarianborn theologian and physics professor on Tuesday received the 15th Templeton Prize for Progress in Religion at a ceremony in London. Jaki lost his voice in a surgical mishap in 1953 and did not regain it until about 10 years later.

. - 🗖 Frank Sinatra has canceled a June 8 concert in Sweden after he was denied a tax exemption because he performed in South Afri-ca, Swedish television reported. The singer would not be exempted from the 30 percent "artists' tax" because be is on a so-called United Nations "blacklist" for performing in South Africa in 1981 and 1983, according to the report.



Arthur Ochs Subberger, chair-man and chief executive officer of The New York Times Co. and publisher of The New York Times, was elected chairman of the Metropolitan Museum of Art, succeeding J. Richardson Dilworth, who resigned

### Page 24

	10101) 312-681-8100	52, Manfariliant, CH-1202 GENEVA.	Tel: 43 25 35 09.	ILE ST LOUIS	78 ST GERMAN, rue des Ursaines.	ally. Yary knowledgeoble in North America and left market development.	graduate MBA - Int' Business, 7 years soles & finance in NYC Extensive travel, some Rulian, Seeks challenging	astona, leisura iadustry, anport devel- opment. Genmon, Sponish, Franch Iraed procisial, Reply to: Box 44619, International Heratik Tribuna, 63 Long Acre, London WC2E 9.H England.	Germany, let (421) 630044.
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